



# TECPRO SYSTEMS LIMITED

**DRAFT RED HERRING PROSPECTUS**  
Please read Section 60B of the Companies Act, 1956  
**100% Book Building Offer**  
Dated April 28, 2010

This Draft Red Herring Prospectus shall be updated upon filing with the RoC

Our Company was incorporated in New Delhi on November 7, 1990 as a private limited company under the name 'Tecpro Systems Private Limited'. Our Company was converted into a public limited company pursuant to a resolution passed by our shareholders on May 8, 2006, following which our name was changed to 'Tecpro Systems Limited', and a fresh certificate of incorporation was issued consequent to the conversion into a public limited company, on July 10, 2006. For details of the change in name of our Company and registered office, see "History and Certain Corporate Matters" on page 95.

**Registered Office:** 106, Vishwadeep Tower, Plot No. 4, District Centre, Janak Puri, New Delhi 110 058, India. **Tel:** (+91 11) 4503 8735 **Fax:** (+91 11) 4503 8734

**Corporate Office:** 202-204, Pacific Square, Sector-15, Part-II, Gurgaon 122 001, Haryana, India **Tel:** (+91 124) 4343 100; **Fax:** (+91 124) 4343 243

**Contact Person and Compliance Officer:** Mr. Pankaj Tandon, Company Secretary **Tel:** (+91 124) 4343 257 **Fax:** (+91 124) 4343 243

**E-mail:** investors@tecprosystems.com **Website:** www.tecprosystems.com

**Promoters:** Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani

**PUBLIC OFFER OF UP TO 7,550,000 EQUITY SHARES OF RS. 10 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE OF TECPRO SYSTEMS LIMITED ("TECPRO SYSTEMS", "OUR COMPANY" OR "THE ISSUER") AGGREGATING RS. [●] (THE "OFFER"). THE OFFER COMPRISES A FRESH ISSUE OF UP TO 6,250,000 EQUITY SHARES BY THE ISSUER (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 1,300,000 EQUITY SHARES BY METMIN INVESTMENTS HOLDINGS LIMITED (THE "SELLING SHAREHOLDER") (THE "OFFER FOR SALE"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF 7,350,000 EQUITY SHARES (THE "NET OFFER") AND A RESERVATION OF 200,000 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINBELOW) (THE "EMPLOYEE RESERVATION PORTION"), AT THE OFFER PRICE. THE OFFER SHALL CONSTITUTE 14.96% OF THE POST-OFFER SHARE CAPITAL OF OUR COMPANY. THE NET OFFER SHALL CONSTITUTE 14.56% OF THE POST-OFFER SHARE CAPITAL OF OUR COMPANY.**

**THE PRICE BAND, THE EMPLOYEE DISCOUNT AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ADVERTISED IN TWO NEWSPAPERS (ONE IN ENGLISH AND ONE IN HINDI) AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE.\***

**\*Discount of Rs. [●] to the Offer Price determined pursuant to completion of the Book Building Process is being offered to Eligible Employees (the "Employee Discount").**

## THE FACE VALUE OF THE EQUITY SHARE IS RS. 10 EACH.

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

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the "SCRR") read with Regulation 41(1)(a) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), this being an Offer for less than 25% of the post-Offer paid-up equity capital, the Offer is being made through the Book Building Process wherein at least 60% of the Net Offer will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the "Anchor Investor Portion"). For details, see "Offer Procedure" on page 434. Further 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, 200,000 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Offer Price. Any Bidder may participate in this Offer 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 "Offer Procedure" on page 434.

## RISK IN RELATION TO FIRST ISSUE

This being the first public issue of equity shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 per Equity Share, the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (as determined by our Company and the Selling Shareholder in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process and as stated in "Basis for Offer Price" on page 46) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

## IPO GRADING

This Offer has been graded by [●] as [●], indicating [●]. The IPO grade is assigned on a five -point scale from 1 to 5, with IPO grade 5/5 indicating strong fundamentals and IPO grade 1/5 indicating poor fundamentals. For more information on the IPO Grading, see "General Information" on page 21.

## GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer 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 Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The Equity Shares offered in this Offer 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 "Risk Factors" on page xi.

## ISSUER'S ABSOLUTE RESPONSIBILITY

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

## LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

## BOOK RUNNING LEAD MANAGERS



### SBI CAPITAL MARKETS LIMITED

202, Maker Tower 'E', Cuffe Parade

Mumbai 400 005, India

Tel: (+91 22) 2217 8300

Fax: (+91 22) 2218 8332

E-mail: tecpro.ipo@sbicaps.com

Investor Grievance E-mail: investor.relations@sbicaps.com

Website: www.sbicaps.com

Contact Person: Mr. Sandeep Onkar

SEBI Registration No.: INM000003531



### KOTAK MAHINDRA CAPITAL COMPANY LIMITED

1st Floor, Bakhtawar,

229, Nariman Point,

Mumbai 400 021, India

Tel: (+91 22) 6634 1100

Fax: (+91 22) 2284 0492

E-mail: tecpro.ipo@kotak.com

Investor Grievance E-mail: kmccredressal@kotak.com

Website: www.kmcc.co.in

Contact Person: Mr. Chandrakant Bhole

SEBI Registration No.: INM000008704

## REGISTRAR TO THE OFFER



### LINK INTIME INDIA PRIVATE LIMITED

C-13, Pannalal Silk Mills Compound

L.B.S Marg, Bhandup (West)

Mumbai 400 078, India

Tel: (+91 22) 2596 0320

Fax: (+91 22) 2596 0329

Email: tecpro.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Mr. Sachin Achar

SEBI Registration No: INR000004058

## OFFER PROGRAM\*

### BID/OFFER OPENS ON

[●]

### BID/OFFER CLOSES ON

[●]

\*The Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one working day prior to the Bid/Offer Opening Date.

## TABLE OF CONTENTS

<b>SECTION I - GENERAL .....</b>	<b>i</b>
<b>DEFINITIONS AND ABBREVIATIONS .....</b>	<b>i</b>
<b>CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION .....</b>	<b>viii</b>
<b>FORWARD-LOOKING STATEMENTS .....</b>	<b>x</b>
<b>SECTION II - RISK FACTORS .....</b>	<b>xi</b>
<b>SECTION III - INTRODUCTION .....</b>	<b>1</b>
<b>SUMMARY OF INDUSTRY .....</b>	<b>1</b>
<b>SUMMARY OF BUSINESS .....</b>	<b>3</b>
<b>SUMMARY FINANCIAL INFORMATION .....</b>	<b>8</b>
<b>THE OFFER .....</b>	<b>20</b>
<b>GENERAL INFORMATION .....</b>	<b>21</b>
<b>CAPITAL STRUCTURE .....</b>	<b>30</b>
<b>OBJECTS OF THE OFFER .....</b>	<b>41</b>
<b>BASIS FOR OFFER PRICE .....</b>	<b>46</b>
<b>STATEMENT OF TAX BENEFITS .....</b>	<b>49</b>
<b>SECTION IV- ABOUT US .....</b>	<b>62</b>
<b>INDUSTRY OVERVIEW .....</b>	<b>62</b>
<b>OUR BUSINESS .....</b>	<b>74</b>
<b>REGULATIONS AND POLICIES IN INDIA .....</b>	<b>91</b>
<b>HISTORY AND CERTAIN CORPORATE MATTERS .....</b>	<b>95</b>
<b>OUR MANAGEMENT .....</b>	<b>114</b>
<b>OUR PROMOTERS AND GROUP COMPANIES .....</b>	<b>126</b>
<b>DIVIDEND POLICY .....</b>	<b>139</b>
<b>SECTION V - FINANCIAL INFORMATION .....</b>	<b>140</b>
<b>UNCONSOLIDATED FINANCIAL INFORMATION OF TECPRO SYSTEMS LIMITED .....</b>	<b>140</b>
<b>CONSOLIDATED FINANCIAL INFORMATION OF TECPRO SYSTEMS LIMITED .....</b>	<b>212</b>
<b>FINANCIAL INFORMATION OF TECPRO ASHTECH LIMITED .....</b>	<b>311</b>
<b>FINANCIAL INDEBTEDNESS .....</b>	<b>357</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....</b>	<b>370</b>
<b>SECTION VI - LEGAL AND OTHER INFORMATION .....</b>	<b>393</b>
<b>OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS .....</b>	<b>393</b>
<b>GOVERNMENT AND OTHER APPROVALS .....</b>	<b>400</b>
<b>OTHER REGULATORY AND STATUTORY DISCLOSURES .....</b>	<b>416</b>
<b>SECTION VII - OFFER RELATED INFORMATION .....</b>	<b>426</b>
<b>OFFER STRUCTURE .....</b>	<b>426</b>
<b>TERMS OF THE OFFER .....</b>	<b>431</b>
<b>OFFER PROCEDURE .....</b>	<b>434</b>
<b>SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY .....</b>	<b>465</b>
<b>SECTION IX - OTHER INFORMATION .....</b>	<b>496</b>
<b>MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....</b>	<b>496</b>
<b>DECLARATION .....</b>	<b>499</b>



## SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Draft Red Herring Prospectus, unless the context otherwise indicates, all references to “**Tecpro Systems**”, “**the Company**”, “**our Company**” and “**the Issuer**” are to Tecpro Systems Limited, a company incorporated in India under the Companies Act, 1956 (the “**Companies Act**”) with its Registered Office at 106, Vishwadeep Tower, Plot No. 4, District Centre, Janak Puri, New Delhi 110 058, India. Furthermore, all references to the terms “**we**”, “**us**” and “**our**” are to Tecpro Systems Limited and its Subsidiaries (as defined herein below) on a consolidated basis.

### Company Related Terms

<b>Term</b>	<b>Description</b>
Articles of Association or Articles	The articles of association of our Company, as amended
Auditors	The statutory auditors of our Company, B S R & Co., Chartered Accountants
AWPCPL	Ajmer Waste Processing Company Private Limited
BAPL	Blossom Automotive Private Limited
Bishnoi Capitals	Bishnoi Capitals Private Limited
Board or Board of Directors	The board of directors of our Company
BWPCPL	Bikaner Waste Processing Company Private Limited
Corporate Office	202-204, Pacific Square, Sector-15, Part-II, Gurgaon 122 001, Haryana
Director(s)	The directors of our Company
Fusion Fittings	Fusion Fittings (I) Limited
Gabrani Holdings	Gabrani Holdings Private Limited
Group Companies	The companies, firms and ventures disclosed in “ <i>Our Promoters and Group Companies</i> ” on page 126, promoted by our Promoters, irrespective of whether such entities are covered under section 370 (1B) of the Companies Act
Hythro Power	Hythro Power Corporation Limited
Memorandum of Association or Memorandum	The memorandum of association of our Company, as amended
Order Book	Order book of our Company
Promoter Group	The persons and entities constituting our promoter group pursuant to regulation 2(1)(zb) of the SEBI ICDR Regulations
Promoters	Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani
Registered Office	106, Vishwadeep Tower, Plot No. 4, District Centre, Janak Puri, New Delhi 110 058, India
Selling Shareholder	Metmin Investments Holdings Limited
Subsidiaries	Subsidiaries of our Company, <i>i.e.</i> , Ajmer Waste Processing Company Private Limited, Bikaner Waste Processing Company Private Limited, Tecpro Energy Limited, Tecpro Trema Limited, Tecpro International FZE, Tecpro Systems (Singapore) Pte. Limited, and Microbase Infosolution Private Limited
TAL	Tecpro Ashtech Limited
Tecpro Engineers	Tecpro Engineers Private Limited
Tecpro FZA	Tecpro International FZE
Tecpro Paints	Tecpro Paints Private Limited
Tecpro Singapore	Tecpro Systems (Singapore) Pte. Limited
Tecpro Trema	Tecpro Trema Limited
TEL	Tecpro Energy Limited
TPSL	Tecpro Power Systems Limited

### Offer Related Terms

<b>Term</b>	<b>Description</b>
Allotted/Allotment/Allot	Unless the context otherwise requires, the issue and allotment/transfer of Equity Shares to successful Bidders pursuant to the Offer
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, who applies under the Anchor Investor Portion with a minimum Bid of Rs. 100 million
Anchor Investor Bid	Bid made by the Anchor Investor



<b>Term</b>	<b>Description</b>
Anchor Investor Bidding Date	The date one working day prior to the Bid/Offer Opening Date on which Bid by Anchor Investors shall open and shall be completed
Anchor Investor Offer 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 Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLMs
Anchor Investor Portion	Up to 30% of the QIB Portion, which may be allocated to Anchor Investors by the Company and the Selling Shareholder in consultation with the BRLMs, on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by a ASBA Bidder to make a Bid authorizing the SCSB to block the Bid Amount in his/her specified bank account maintained with the 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 Bid cum Application Form	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 Bidder	Any Bidder who intends to apply through ASBA
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 revision form(s)
Bankers to the Offer	[●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in “ <b>Offer Procedure</b> ” on page 434
Bid	An indication to make an offer during the Bid/Offer Period by a Bidder (including an ASBA Bidder), or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form or ASBA Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which shall be considered as the application for the issue of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable
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 Anchor Investor
Bid/Offer Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and SCSBs will not accept any Bids, which shall be notified in an English national newspaper and a Hindi national newspaper (which is also the regional newspaper), each with wide circulation
Bid/Offer Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and SCSBs shall start accepting Bids, which shall be notified in an English national newspaper and a Hindi national newspaper (which is also the regional newspaper), each with wide circulation
Bid/Offer Period	The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process	The book building process as described in Schedule XI of the SEBI ICDR Regulations, in terms of which this Offer is being made
Book Running Lead Managers/BRLMs	The book running lead managers to the Offer, in this case being SBI Capital Markets Limited and Kotak Mahindra Capital Company Limited
Cap Price	The higher end of the Price Band above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Confirmation of Allocation Note or CAN	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 Offer 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 Offer Price, including any revisions thereof



<b>Term</b>	<b>Description</b>
Cut-off Price	The Offer Price (net of Employee Discount, as applicable), finalised by our Company and the Selling Shareholder in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders and Eligible Employees, whose Bid Amount does not exceed Rs. 100,000 are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Offer Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Bidders to the Public Offer Account, as the case may be, after the Prospectus is filed with the Registrar of Companies ("RoC"), following which the Board of Directors shall Allot Equity Shares to the Allottees
Designated Stock Exchange	[●]
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated April 28, 2010, prepared in accordance with Section 60B of the Companies Act and the SEBI ICDR Regulations, which is filed with SEBI and does not contain complete particulars of the price at which the Equity Shares are offered
Eligible Employee	All or any of the following: <ul style="list-style-type: none"> <li>(a) a permanent and full time employee of our Company or any of our Subsidiaries as of the date of filing of the Red Herring Prospectus with the RoC and based, working and present in India as on the date of submission of the Bid cum Application Form;</li> <li>(b) a Director of our Company, whether a whole time Director, part time Director or otherwise, except any Promoters or an immediate relative of the Promoter, as of the date of filing the Red Herring Prospectus with the RoC and based and present in India as on the date of submission of the Bid cum Application Form</li> </ul>
Eligible NRI	An NRI resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares
Employee Discount	The difference of Rs. [●] between the Offer Price and the differential lower price at which our Company has decided to allot the Equity Shares to Eligible Employees
Employee Reservation Portion	The portion of the Offer, being 200,000 Equity Shares, available for allocation to Eligible Employees
Equity Shares	Unless the context otherwise indicates, the Equity Shares of our Company with a face value of Rs. 10 each
Escrow Account	Account(s) opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement to be entered into among our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Member and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
Escrow Collection Banks	The Escrow Collection Banks, in this case being [●], which are clearing members and registered with SEBI as Bankers to the Offer and with whom the Escrow Accounts will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form
Floor Price	The lower end of the Price Band, below which the Offer Price will not be finalised and below which no Bids will be accepted
Fresh Issue	Fresh Issue of up to 6,250,000 Equity Shares by our Company
GIR number	General index registration number
Gross Proceeds	Gross proceeds of the Offer
IPO Grading Agency	[●]
Listing Agreement	The Company's equity listing agreements to be entered into with the Stock Exchanges
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, on a proportionate basis
Net Offer	Offer less the Employees Reservation Portion, consisting of 7,350,000 Equity Shares to be Allotted in the Offer at the Offer Price.
Net Proceeds	Proceeds of the Fresh Issue that are available to our Company, which exclude the





<b>Term</b>	<b>Description</b>
	proceeds of the Offer for Sale and the Offer related expenses
Non-Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs (including Anchor Investors) or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Offer, being not less than 10% of the Net Offer or 735,000 Equity Shares at the Offer Price, available for allocation to Non-Institutional Bidders
Non-Resident Indian or NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
Offer	Offer of 7,550,000 Equity Shares, comprising a Fresh Issue of 6,250,000 Equity Shares of our Company and an Offer for Sale of 1,300,000 Equity Shares by the Selling Shareholder. The Offer comprises a Net Offer to the public of 7,350,000 Equity Shares and an Employee Reservation Portion of 200,000 Equity Shares for subscription by Eligible Employees
Offer Agreement	The agreement entered into on April 24, 2010, among our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer Price	The final price (net of Employee Discount, as applicable) at which Equity Shares will be issued and Allotted to the Bidders, in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLMs on the Pricing Date
Offer for Sale	1,300,000 Equity Shares being offered by Metmin Investments Holdings Limited, pursuant to the Red Herring Prospectus
Pay-in Date	Except with respect to ASBA Bidders, the Bid/Offer Closing Date or the last date specified in the CAN sent to Bidders, as applicable and which shall with respect to the Anchor Investors, be a date not later than two working days after the Bid/Offer Closing Date
Pay-in Period	Except with respect to ASBA Bidders, the period commencing on the Bid/Offer Opening Date and extending until the Bid/Offer Closing Date
Price Band	Price band of a minimum price (Floor Price) and the maximum price (Cap Price) and includes revisions thereof including any revision to such Floor Price or Cap Price as may be permitted by the SEBI ICDR Regulations. The Price Band and the minimum Bid lot size for the Offer will be decided by the Company and the Selling Shareholder in consultation with the BRLMs and advertised in two newspapers (one in English and one in Hindi, which is also the regional newspaper) at least two days prior to the Bid/Offer Opening Date
Pricing Date	The date on which our Company and the Selling Shareholder in consultation with the BRLMs finalise the Offer Price
Prospectus	The Prospectus to be filed with the RoC pursuant to Section 60 of the Companies Act, containing, among other things, the Offer Price that is determined at the end of the Book Building Process on the Pricing Date, including any addenda or corrigenda thereof
Public Offer Account	The account to be opened with the Banker(s) to the Offer to receive monies from the Escrow Account(s) and the bank account of the ASBA Bidders, on the Designated Date
QIB Portion	The portion of the Net Offer being a minimum 4,410,000 Equity Shares to be Allotted to QIBs, including the Anchor Investor Portion
Qualified Institutional Buyers or QIBs	Public financial institutions specified in Section 4A of the Companies Act, FIIs (and their 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, FVCIs registered with SEBI, venture capital funds registered with SEBI, 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 Union of India
Refund Account	Accounts opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made
Refund Bank(s)	Escrow Collection Bank(s) in which an account is opened and from which a refund of the whole or part of the Bid Amount, if any, shall be made, in this case being, [●]
Registrar to the Offer	Link Intime India Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) other than the Eligible Employees submitting Bid under the Employee Reservation Portion, who have Bid for Equity



<b><u>Term</u></b>	<b><u>Description</u></b>
	Shares for an amount less than or equal to Rs. 0.10 million in any of the bidding options in the Net Offer
Retail Portion	The portion of the Offer, being not less than 30% of the Net Offer, or 2,205,000 Equity Shares at the Offer Price, available for allocation to Retail Individual Bidders
Revision Form	The form used by the Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">www.sebi.gov.in/pmd/scsb.pdf</a>
Stock Exchanges	The BSE and the NSE
Syndicate	Collectively, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement among the Syndicate, our Company in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Offer
Transaction Registration Slip or TRS	The slip or document issued by a member of the Syndicate to a Bidder as proof of registration of the Bid
Underwriters	The members of the Syndicate
Underwriting Agreement	The agreement among our Company, the Selling Shareholder and the Underwriters to be entered into on or after the Pricing Date

### **Conventional / General Terms**

<b><u>Term</u></b>	<b><u>Description</u></b>
Act or Companies Act	Companies Act, 1956
Air Act	Air (Prevention and Control of Pollution) Act, 1981
Bonus Act	Payment of Bonus Act, 1965
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
Environment Protection Act	Environmental Protection Act, 1986
ESI Act	Employees State Insurance Act, 1948
Factories Act	Factories Act, 1948
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
I.T. Act	Income Tax Act, 1961
ID Act	Industrial Disputes Act, 1947
Indian GAAP	Generally Accepted Accounting Principles in India
Non-Resident or NR	A person resident outside India, as defined under FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account established in accordance with FEMA
NRO Account	Non-Resident Ordinary Account established in accordance with FEMA
Public Liability Act	Public Liability Insurance Act, 1991
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI FII Regulations	Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995
SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
Tariff Act	Central Excise Tariff Act, 1985
Trademarks Act	Trademarks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United States
US\$ or USD or US Dollar	U.S. Dollar
USA or U.S.	United States of America
Water Act	Water (Prevention and Control of Pollution) Act, 1974

### **Abbreviations**

<b><u>Term</u></b>	<b><u>Description</u></b>
Ad. CIT	Additional Commissioner of Income Tax
AS	Accounting Standard
ASE	Ahmedabad Stock Exchange Limited
ATE	Appellate Tribunal for Electricity
BPLR	Benchmark Prime Lending Rate
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CLRA	Contract Labour (Regulation and Abolition) Act, 1970



<b><u>Term</u></b>	<b><u>Description</u></b>
DCIT	Deputy Commissioner of Income Tax
DIN	Director Identification Number
DSE	Delhi Stock Exchange Limited
EGM	Extraordinary general meeting of the shareholders of our Company
EPS	Earnings per share, <i>i.e.</i> , profit after tax for a fiscal year divided by the weighted average number of equity shares during the fiscal year
FCCN	Foreign Currency Convertible Notes
FCNR Account	Foreign Currency Non-Resident Account established in accordance with FEMA
FDB	Foreign Documentary Bill
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FIIIs	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI
FVCI	Foreign Venture Capital Investor
GDP	Gross Domestic Product
GoI	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
ITAT	Income Tax Appellate Tribunal
JSE	Jaipur Stock Exchange Limited
MF	Mutual Funds
MICR	Magnetic Ink Character Recognition
MoU	Memorandum of Understanding
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a	Per annum
PAN	Permanent Account Number allotted under the I.T. Act
PAT	Profit after tax
PCBs	Pollution Control Boards
PSU	Public Sector Undertaking
R&D	Research and Development
RBI	Reserve Bank of India
RoC	Registrar of Companies, NCT of Delhi and Haryana
RoE	Return on equity
RoNW	Return on net worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRR	Securities Contracts (Regulation) Rules, 1957
VAT	Value Added Tax
w.e.f	With effect from

#### **Technical and Industry Related Terms**

<b><u>Term</u></b>	<b><u>Description</u></b>
BOO	Build, Own and Operate
BOOT	Build, Own, Operate and Transfer
BoP	Balance of Plant
BoQ	Bill of Quantity
BOT	Build, Operate and Transfer
BTG	Boiler, Turbine and Generator
CEA	Central Electricity Authority
CMIE	Centre for Monitoring Indian Economy
DRI	Direct reduced iron
EPC	Engineering, Procurement and Construction
ESP	Electro-static precipitator
GW	Giga Watt
IAS	Industry Analysis Service
IEP	Integrated Energy Policy





<u>Term</u>	<u>Description</u>
MHE	Material Handling Equipment
MSW	Municipal Solid Waste
MT	Million Tonne
MW	Mega Watt
QAP	Quality Assurance Plan
SME	Small and medium enterprises
TPH	Tonnes per hour
UMPP	Ultra Mega Power Project

#### References to other business entities

<u>Term</u>	<u>Description</u>
Avigo FZCO	Avigo Corporation FZCO
CSPGCL	Chhattisgarh State Power Generation Company Limited
Directech	Directech Industries (Pty) Limited
FAM Magdeburger	FAM Magdeburger Forderanlagen und Baumaschinen GmbH
GEA	GEA EGI Contracting/Engineering Company Limited
GIL	Gammon India Limited
HERC	Haryana Electricity Regulatory Commission
HLT	Hein, Lehmann, Trenn-und Fordertechnik GmbH
HSI IDC	Haryana State Industrial and Infrastructure Development Cooperation Limited
Indure	Indure Private Limited
JAFZA	Jebel Ali Free Zone Authority
L&T	Larsen & Toubro Limited
Macquarie	Macquarie Asia Pacific Co-Investment Fund
Maschinenfabrik	Maschinenfabrik Liezen Und Giesserei GmbH
MIPL	Microbase Infosolution Private Limited
MVW Lechtenberg	MVW Lechtenberg Projektentwicklungs und Beteiligungsgesellschaft GmbH
PEYTEC	PEYTEC Material Handling GmbH
Siebtechnik	Siebtechnik GmbH
Swaroop Castings	Swaroop Castings Private Limited
Tati Nickel	Tati Nickel Mining Company (Pty)
Terotech	Greenbank Terotech Limited
UHBVNL	Uttar Haryana Bijli Vitran Nigam Limited
VTWB	VA Tech Wabag Limited
Won Duck	Won Duck Industrial Machinery Company Limited
Xiamen	Xiamen Longking Bulk Materials Science and Engineering Company Limited



## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **Certain Conventions**

All references in this Draft Red Herring Prospectus to "**India**" are to the Republic of India. All references in this Draft Red Herring Prospectus to the "**US**", "**USA**" or "**United States**" are to the United States of America.

### **Financial Data**

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial information as of the seven months period ended October 31 2009, and for fiscal 2009, 2008, 2007, 2006, and 2005 prepared in accordance with the Generally Accepted Accounting Principles in India ("**Indian GAAP**") and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

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

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, 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, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We and the Selling Shareholder have not attempted to explain those differences or quantify their impact on the financial data included herein, and we and the Selling Shareholder urge you to consult your own advisors regarding such differences and their impact on our financial data.

### **Currency and Units of Presentation**

All references to "**Rupees**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**US\$**" or "**USD**" or "**U.S. Dollar**" are to United States Dollars, the official currency of the United States of America. All references to "**€**" are to Euros, the single currency of the participating member states in the Third Stage of the European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time. All references to "**UAE Dirham**" are to United Arab Emirates Dirham, the official currency of the United Arab Emirates. All references to "**Singapore Dollars**" is to Republic of Singapore Dollars, the official currency of the Republic of Singapore.

### **Industry and Market Data**

Industry and Market data used throughout this Draft Red Herring Prospectus has been obtained from various government and industry publications such as the IAS of CMIE, Ministry of Power, Ministry of Steel, Ministry of Heavy Industries and Public Enterprises and Cement Manufacturers Association. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Draft Red Herring Prospectus is meaningful depends upon 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 market and industry sources.



## Exchange Rates

The exchange rates of the respective foreign currencies as on March 31, 2009 and March 31, 2010 are provided below:

Currency	Exchange rate into Rs. as on March 31, 2009	Exchange rate into Rs. as on March 31, 2010
1 US\$	51.76	45.00
1 Euro	68.35	60.54
1 UAE Dirham	14.09	12.25
1 Singapore Dollar	34.04	32.16

Source: [www.oanda.com](http://www.oanda.com)



## FORWARD-LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “project”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly statements which describe our strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements are based on our current plans and expectations and actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- our ability to respond to competitive pressures;
- our exposure to market risks, including rising raw materials and personnel costs;
- general economic and political conditions in India and which have an impact on our business activities or investments;
- contingent liabilities that may materialise;
- our inability to manage our growth;
- inability to renew our technical collaborations or to enter into similar collaborations with other parties;
- inability to pre-qualify for and win lump-sum turnkey contracts; and
- changes in competition in our industry.

For a further discussion of factors that could cause our actual results to differ, see “**Risk Factors**” on page xi. 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 our Company, nor the Selling Shareholder, nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of trading permission by the Stock Exchanges for the Equity Shares Allotted pursuant to the Offer.



## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding, you should read this section in conjunction with “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operation” on pages 74 and 370, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. Any of the following risks as well as the other risks and uncertainties discussed in this Draft Red Herring Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss of all or part of your investment.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See “Forward-Looking Statements” on page x. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, financial information of our Company used in the section is derived from our restated financial information.*

### **Internal Risk Factors**

1. ***Our order book (‘Order Book’) may not necessarily indicate future income. Projects included in our Order Book may be delayed, modified, cancelled or not fully paid for by our customers, which may have an adverse effect on our business, financial condition and results of operations.***

As on March 31, 2010 and October 31, 2009, our Order Book was Rs. 20,139.55 million and Rs. 22,361.24 million, respectively. Future earnings related to the performance of projects in the Order Book may not be realized and although the projects in the Order Book represent business that is considered firm, cancellations or scope or schedule adjustments may occur. We may also encounter problems executing the project as ordered, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers may postpone a project or cause its cancellation, including delays or failure to obtain necessary permits, authorizations, permissions, right-of-way, and other types of difficulties or obstructions. Due to the possibility of cancellations or changes in scope and schedule of projects, resulting from our customers’ discretion or problems we encounter in project execution or reasons outside our control or the control of our customers, we cannot predict with certainty when, if or to what extent an Order Book project will be performed. Additionally, delays in the completion of a project can lead to customers delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such project. In addition, even where a project proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. Any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default with regard to the Order Book projects or any other uncompleted projects, or disputes with customers in respect of any of the foregoing, could materially harm our cash flow position and income.

Furthermore, we have recently begun undertaking BoP contracts for coal based thermal power plants and we have been awarded a BoP contract of Rs. 9,930 million by Chhattisgarh State Power Generation Company Limited for the thermal power project at Korba, Chhattisgarh through a consortium led by our Company. BoP contracts are generally granted on a turnkey basis for coal based thermal power plants and include coal handling solutions, ash handling solutions, setting up of cooling towers, switchyard and plant electrical, water treatment plants and other auxiliary civil constructions. A substantial portion of our Order Book as on March 31, 2010 is from our BoP order and we seek to focus on power sector contracts. However, we operate in highly competitive markets where it is difficult to predict whether and when we will receive such awards. As a result, our results of operations can fluctuate from quarter to quarter and year to year depending on whether and when such contracts are awarded to us and the commencement and progress of work under awarded contracts.

2. ***There is a legal proceeding in relation to our BoP contract awarded by Chhattisgarh State Power Generation Company Limited, which if determined against us may adversely impact our business and financial condition.***



A notice inviting tenders was published by Chhattisgarh State Power Generation Company Limited (“CSPGCL”) for the purpose of carrying out construction of balance of plant package on EPC contract basis for the thermal power project at Korba, Chhattisgarh. We were awarded the contract valued at Rs. 9,930.00 million on August 25, 2009. Subsequent to the award, The Indure Private Limited (“Indure”), one of the other bidders, filed a writ petition against CSPGCL and others in the High Court of Chhattisgarh in which we were impleaded as a defendant on August 26, 2009. In the writ petition, Indure has alleged that its bid was rejected by CSPGCL on arbitrary and discriminatory grounds. Indure has further alleged that its bid was lower than that of our Company. Indure petitioned the court to open its price bid and consider it on merit, quash and set aside the decision taken by CSPGCL of grant of the contract to our Company, refrain CSPGCL from finalizing the tender and awarding the project work. The High Court of Chhattisgarh dismissed the writ petition pursuant to its order dated December 10, 2009. However, aggrieved by the order of the High Court of Chhattisgarh, Indure filed a special leave petition (No. 34941 of 2009) which is pending before the Supreme Court of India. Any adverse decision against us in these proceedings may require us to incur significant losses, which may have a material adverse impact on our results of operations and financial condition.

3. ***Increased costs for raw materials, purchased items and fuel, interruptions in their availability and poor quality of these materials may adversely affect our results of operations.***

Our business is significantly affected by the availability, cost and quality of the raw materials, purchased items and fuel, which we need to construct and develop our projects and products. Our principal raw materials include iron and steel, cement, bearings, castings, plumber blocks, motors and others. The prices and supply of these and other raw materials, purchased items and fuel depend on factors beyond our control, including general economic conditions, competition, production levels, transportation costs and import duties. As we perform most of our projects on a fixed-price or lump-sum turnkey basis, which do not have cost escalation clauses, if, for any reason, our primary suppliers of raw materials, purchased items and fuel should curtail or discontinue their delivery of such materials to us in the quantities we need or at prices that are competitive or expected by us, our ability to meet our material requirements for our projects could be impaired, our construction schedules could be disrupted, and our earnings and business could suffer. Further, we may not be able to pass on any increase in the cost of manufacturing our products to our customers, which may adversely affect our results of operations. Additionally, we rely on manufacturers and other suppliers for certain products and do not have control over the quality of products they supply, which may adversely affect the quality and workmanship of our projects.

We have used and intend to use third-party transportation providers for the supply of most of our raw materials and for deliveries of our products to our customers. Transportation costs have been steadily increasing in recent years. Continuing increases in transportation costs may also have an adverse effect on our business and results of operations. In addition, transportation strikes by members of truckers’ unions and shipping delays have had in the past, and could have in the future, an adverse effect on our receipt of supplies and our ability to deliver our products.

4. ***We derive a significant portion of our revenue from a few customers, and a loss of one or more customers or a reduction in their demand for our products and services would adversely affect our business, financial condition and results of operations.***

We are dependent on a limited number of customers for a significant portion of our revenues. Payments from our top 10 customers constituted 81.02%, 65.70%, 66.72% and 75.49% of our income from operations for the seven months period ended October 31, 2009 and fiscal 2009, 2008 and 2007, respectively. Our top 10 customers may, however, vary from period to period depending on the demand and the completion schedule of projects. Because our business is concentrated among relatively few significant customers, and certain of our services are provided on a non-recurring, project by project basis, we could experience a reduction in our results of operations, cash flows and liquidity if we lose one or more of these customers or the amount of business we obtain from them is reduced for any reason, including as a result of a dispute or disqualification. We have also in the past, experienced a delay in receipt of payment from various parties with whom we have entered into supply contracts. Accordingly, we cannot assure you that the customers which contribute to the major part of our revenue stream will pay us the contracted amounts on time, or at all. In the event any of our significant customers fail to fulfil their respective obligations under their existing agreements with us, our business, financial condition and results of operations would be adversely affected.





**5. *An inability to manage our growth may disrupt our business and reduce our profitability.***

We have experienced year-on-year growth in our income from operations of 123.53%, 119.45% and 58.39% in fiscal 2007, 2008 and 2009, respectively. Our growth will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organisation. In particular, continued expansion increases the challenges involved in:

- maintaining high levels of customer satisfaction;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- adhering to health, safety and environment and quality and process execution standards that meet customer expectations;
- preserving a uniform culture, values and work environment in operations within and outside India; and
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

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

**6. *We rely on our technical collaborations with various companies to facilitate our business operations. Our inability to renew our technical collaborations or to enter into similar collaborations with other parties will adversely affect our business.***

We rely on our technical collaborations with leading international companies to facilitate our business operations. We have technical collaborations with companies such as FAM Magdeburger Forderanlagen und Baumaschinen GmbH, PEYTEC Material Handling GmbH, Maschinenfabrik Liezen und Giesserei GmbH and Won Duck Industrial Machinery Company Limited. For details, see “*History and Certain Corporate Matters – Collaboration Agreements*”. As per the individual agreements, our collaborators provide us with basic and/or detailed engineering. The components are manufactured and assembled according to the specifications provided. Further, any critical component required for such equipment may also be imported from our collaborators. The complete engineering inputs and component selection is provided to us for procurement of necessary components. These collaborations give our customers access to modern design and also enhance our range of equipment. However, there can be no assurance that these companies will elect to renew their individual agreements with us. We also cannot provide any assurance that we will continue to be able to enter into similar agreements in the future with other such companies or technology licensors or with other companies, or otherwise obtain transfers of technology to continue to broaden our product portfolio and services, on terms favourable to us or at all, which may have an adverse effect on our business, financial condition and results of operations.

**7. *Our growth strategy to expand into new functional areas and geographic areas poses risks.***

We intend to expand the geographical and functional areas in which we undertake our projects. As a part of our growth strategy, we intend to continue to diversify the portfolio of projects and services offered by us. For instance, one of our major objectives is to enhance our presence as a turnkey solutions provider in the power sector and focus on power sector infrastructure requirements. As we do not have significant experience in some of these new projects and service offerings, we may not be successful, which may hamper our growth prospects. Furthermore, we seek to diversify our presence in the material handling industry by developing a strong base of operations in India and abroad to capitalize on the demand for material handling systems. We have formed subsidiaries *i.e.* Tecpro Systems (Singapore) Pte. Limited and Tecpro International FZE, for operating in Singapore and Dubai, respectively, and intend to expand into emerging markets such as Africa and South East Asia. We have recently entered into a contract with Vietnam Machinery Installation Corporation for supply of ash handling systems. However, we may face the risk that our competitors may be better known and more experienced in such newer markets and they may enjoy better relationships with customers and international joint venture partners, gain early access to information regarding attractive projects and be better placed to bid for and be awarded such projects. We face additional risks if we undertake projects in countries or regions we have not worked in before, including, adjusting our construction methods to different geographies, obtaining the necessary construction materials and labour on acceptable terms,



obtaining necessary governmental approvals and permits under unfamiliar regulatory regimes and identifying and collaborating with local business parties, contractors and suppliers with whom we have no previous relationship. In addition, we may not have the required amount of experience in the new areas of business in which we propose to venture and therefore may not be able to compete effectively with established and new competitors in these businesses. There can be no guarantee that we will be able to effectively manage our entry into new functional and geographical areas.

**8. *Our customers have a right to cancel the contract without giving any notice on the occurrence of certain events. Any such cancellation may adversely affect our business, financial condition and results of operations.***

Our contracts usually provide for a right to our customer(s) to cancel the contract upon the occurrence of certain events such as, among other things, our failure to comply with the terms of the purchase order including specifications and other technical requirements; our becoming bankrupt and going into liquidation; a receiver being appointed for any of the properties owned by us; assignment or subletting of the contract or any part thereof without the written consent of the purchaser; the progress of work being unsatisfactory and if the purchaser anticipates delay in execution of the order by us; and our failure to replace rejected goods promptly. Further, our contracts also provide that the customer shall not be responsible for any payment for any loss sustained by us by reason of our having purchased any equipment, materials or entered into any commitments or made any advances in connection with the execution of the contract. In the event any of the above events occur, our contract may be cancelled which may adversely affect our business, financial condition and results of operations. Further, such termination may also affect our reputation and growth prospects.

**9. *We are exposed to significant risks on fixed-price or lump-sum turnkey contracts that could cause us to incur losses and adversely affect our business, results of operation and financial condition.***

A substantial portion of our projects are performed on a fixed-price or lump-sum turnkey basis. Under the terms and conditions of such fixed-price or turnkey contracts, we generally agree for a fixed price for providing engineering, procurement and construction services for the part of the project contracted to us or, in the case of turnkey contracts, completed facilities which are delivered in a ready to operate condition, subject, however, to contract variations pursuant to changes in the customer's project requirements. The actual expense incurred by us for executing a fixed-price or turnkey contract may vary substantially from the assumptions underlying our bid for several reasons, including:

- unanticipated changes in engineering design of the project;
- unanticipated increases in the cost of equipment, materials or manpower;
- delays associated with the delivery of equipment and materials to the project site;
- unforeseen construction conditions, including inability of the customer to obtain requisite environmental and other approvals, resulting in delays and increased costs;
- suppliers' or subcontractors' failure to perform; and
- delays caused by us.

Unanticipated costs or delays in performing part of a contract can have compounding effects by increasing costs of performing other parts of the contract. In addition, we may be required to pay liquidated damages to the customer for any delays caused by us. These variations and the risks generally inherent to the industry may result in our profits being different from those originally estimated and may result in our experiencing reduced profitability or losses on projects. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our results of operations.

**10. *Our business requires the services of third parties, including technology licensors, suppliers and subcontractors, which entail certain risks.***

Our business generally requires the services of third parties, including technology licensors, contractors and suppliers of labour, materials and equipment. For instance for our BoP projects, we require the services of third party service providers for supply, erection and commissioning of cooling towers, water treatment plants and other auxiliary services. The timing and quality of construction of the projects we develop depends on the availability and skill of those third parties, as well as contingencies affecting them, including labour and raw material shortages and industrial action, such as strikes and



lockouts. We cannot assure you that skilled third parties will continue to be available at reasonable rates and in the areas in which we conduct engineering, procurement and construction services. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services, and any delay in project execution could adversely affect our profitability.

There is also a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, or our failure to extend existing orders or issue new orders under a subcontract. In addition, if any of our subcontractors fail to deliver on a timely basis the agreed-upon supplies and/or perform the agreed-upon services, our ability to fulfil our obligations as a prime contractor may be jeopardized. In most instances, there is no contractual relationship between our customers and our suppliers, subcontractors or our technology licensors. Consequently, we would have to seek remedies from our suppliers, sub-contractors or technology licensors, as the case may be, should any service or product liability claim be made by our customers against us. In case of any such claim against us, even if it is not proven, our reputation may suffer and our business may be materially and adversely affected. We cannot assure you that claims of such nature will not be brought against us, which could have a material adverse effect on our reputation, business and financial performance.

**11. *Our inability to pre-qualify for and win lump-sum turnkey contracts may adversely affect our business, financial condition and results of operations.***

Most of our lump-sum turnkey contracts are obtained through a competitive bidding process which involves certain pre-qualification criteria like net worth, experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects. In selecting contractors for major projects, customers generally limit the tender to contractors they have pre-qualified based on these criteria, although price competitiveness of the bid is the most important selection criterion. We form consortium with other companies to bid for contracts where we do not qualify on a standalone basis and therefore may not be able to compete for such projects if we are unable to form a consortium. Our ability to bid for and win such projects is dependent on our ability to show experience of working on similar or larger projects and developing strong engineering capabilities and credentials to execute more technically complex projects. If we fail to qualify for and fail to win lump-sum turnkey contracts, our business, financial condition and results of operations may be adversely affected.

**12. *We may incur liabilities as a result of non-performance of our consortium partners, which could have a material adverse effect on our business operations.***

We selectively enter into consortium arrangements in our business. Under the contracts we enter through consortium arrangements, we are generally jointly and severally liable with our consortium partners for, among other things, breaches or non-performance of contract. The inability of a partner to continue with a project, due to financial or legal difficulties or otherwise, could result in us being required to bear increased and, at times, sole responsibility for the completion of the project and bear a greater share of the financial risk of the project. In the event that a claim, arbitration award or judgment is awarded against the consortium, we may be responsible for the entire judgment.

**13. *Demand for our products and services depends on demand and capital spending by customers particularly in the power, steel and cement sectors. Any downturn affecting these sectors may result in a decrease in demand for our products and services and adversely affect our business, financial condition and results of operation.***

Demand for many of our products and services depends on capital spending by power, steel and cement companies, which is directly affected by trends in these sectors and the current economic scenario. Our customers may defer major expenditures given the long term nature of many large scale projects due to perception of lower demand for their products or other reasons. Further, the recent financial market turmoil and tightening of credit impacted the financial ability of some of our customers which led to deferment of certain projects. Any such future financial crisis may lead to tightening of credit and consequently our customers who may not have the ability to fund capital expenditures for infrastructure, may have difficulty in obtaining financing, which may result in cancellations of projects or deferral of projects to a later date. Such cancellations or deferrals may result, in decreased demand



for our products and services and could adversely affect our results of operations, cash flows and liquidity.

Further, it is generally believed that, demand for power in India will increase in connection with expected increase in India's GDP. We believe the GoI's focus and sustained budgetary allocation for infrastructure in the power sector and increased funding by banks and financial institutions in large power projects will lead to high demand for material handling systems and other infrastructure requirements in the power sector. However, there can be no assurance that demand for power in India will increase to the extent we expect or at all. In the event demand for power in India does not increase as we expect or if the GoI reduces its budgetary allocation for infrastructure in the power sector due to one or more reasons, our results of operations and expansion strategy may be materially and adversely affected.

**14. *The nature of our business exposes us to liability claims and contract disputes and our insurance coverage and indemnities may not adequately protect us. Any liability in excess of our insurance limits, reserves or indemnities could result in additional costs, which would reduce our profits.***

Time is often of the essence in our projects. We typically enter into contracts which provide for liquidated damages for time overruns. In the event there are delays in our current or future orders and we are unable to receive extensions from our customers, we may be exposed to liquidated damages and termination apart from entailing significant cost and time overruns. Additionally, in some contracts, in case of delay due to deficiency in services or because of defective work done by us, clients may have the right to complete the work at our risk and cost by engaging a third party. We are generally required to furnish performance guarantees in the form of bank guarantees. In the event we fail to perform under the terms of a contract, a bank guarantee may be called upon by our customer, which could adversely affect our financial condition and results of operations.

In addition, our operations are subject to hazards inherent in providing engineering services, such as risk of equipment failure, work accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. We may also be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us within the warranty periods extended by us, which range from 12 to 18 months from the date of commissioning. Our policy of covering these risks through insurance may not always be effective or adequate. Further, our subcontractors may not have adequate financial resources to meet their indemnity obligations to us. Failure to effectively cover ourselves against engineering and construction industry risks for any of these reasons could expose us to substantial costs and potentially lead to material losses. To minimize our exposure, we selectively seek indemnities from our vendors and subcontractors and generally maintain insurance policies for our projects in accordance with project requirements up to the time of final acceptance. Any liability in excess of our insurance limits or indemnities could result in additional costs, which would reduce our profits. Faults in construction might also require repair work, which may not be foreseen or covered by our insurance. In addition, if there is a customer dispute regarding our performance or workmanship, the customer may delay or withhold payment to us.

**15. *Acquisitions and investments could result in operating difficulties, dilution and other adverse consequences.***

As a part of our business strategy, we intend to undertake investments in businesses and companies that operate in the material handling equipment ("MHE") industry, whose resources, capabilities and strategies are complementary to and likely to enhance our business operations. It is possible that we may not be able to identify suitable investment opportunities, or if we do identify suitable opportunities, we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable investments or the inability to complete such transactions may adversely affect our competitiveness or our growth prospects. Additionally, even if we find such suitable opportunities, they may not efficiently synergise with our Company. Further, recently, our Company, Tecpro Ashtech Limited, Tecpro Power Systems Limited and their respective shareholders and creditors entered into a scheme of amalgamation under sections 391 – 394 of the Companies Act pursuant to which Tecpro Ashtech Limited and Tecpro Power Systems Limited amalgamated into our Company with effect from April 1, 2009. For details see "*History and Certain Corporate Matters* –



***Schemes of Amalgamation***". There can be no assurance that we will be able to achieve the strategic purpose of the amalgamation and generate expected returns.

Further, we have entered, and may enter into, discussions regarding a wide array of potential strategic transactions, including joint ventures, acquisitions or other technical or business collaborations. Any of these transactions could be material to our financial condition and results of operations. In addition, the process of integrating an acquired company, business or technology may create unforeseen operating difficulties and expenditure. The risks that we may face in connection with the integration of any acquisition with our Company include:

- we may not be able to achieve the strategic purpose of such acquisition;
- we may not be able to complete the acquisition on commercially acceptable terms;
- our management's and employees' may be distracted by acquisition, transition or integration activities;
- our due diligence process may fail to identify all the problems, liabilities or other shortcomings or challenges of an acquired company;
- we may have higher than anticipated costs in continuing support and development of acquired companies' products and/or services;
- we may face cultural challenges associated with integrating employees from the acquired company into our organization;
- our relationship with current and new employees, customers, partners and distributors could be impaired;
- there may be unknown liabilities or issues that could have a material adverse effect on our financial condition and results of operation;
- we may face litigation or other claims in connection with, or may inherit claims or litigation as a result of an acquisition, including claims from terminated employees, customers or other third parties; and
- we may have problems integrating each of the acquired company's accounting, management information, human resource and other administrative systems with our Company.

If any of the foregoing risks materialize, they could have a material adverse effect on our business, results of operations, financial condition and prospects. Future acquisitions or dispositions may also result in dilutive issuances of our Equity Shares, the incurrence of debt, contingent liabilities or write-offs of goodwill, any of which could harm our financial condition. Future acquisitions may require us to obtain additional equity or debt financing, which may not be available on favorable terms or at all. In the event that we are unable to successfully integrate our recent acquisitions and future acquisitions, we may need to invest in the reorganization of our operations, which may lead to lower operating profits.

**16. *Failure to manage and integrate the new lines of business that we have acquired could disrupt our business and affect our financial condition.***

We continue to identify and target specific project segments and industries where we believe there is potential for growth, including in alternative energy projects, municipal waste processing projects through our investments in our Subsidiaries, namely, TEL, AWPCPL and BWPCPL. For instance through our investments in AWPCPL and BWPCPL, we have diversified into the business of processing of municipal solid waste into refuse derived fuel. We have entered into a joint venture for setting up such a plant at Ajmer. We have also been awarded a similar project *i.e.* processing of municipal solid waste for the city of Bikaner in Rajasthan. For technological support we have tied up with MVW Lechtenberg. However, we have no prior experience in setting up and operating municipal solid waste processing plants. This could result in our Company not being able to manage the risks associated with these projects such as non-availability of enough municipal solid waste, change of policies of government and other project management and operational risks which may adversely affect the return on our investments.





- 17. *We operate in a competitive business environment. Competition from Indian and international engineering companies and consequent pricing pressures may adversely affect our business, financial condition and results of operations.***

We operate in a competitive environment and face significant competition in our business from Indian and international engineering companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. While service quality, technological capacity and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in customer decisions, price is a major factor in most tender awards. Our industry has been frequently subject to intense price competition. For more information on our competitors in specific industry and project segments, see “***Our Business - Competition.***”

Some of our competitors are larger than us and have greater financial resources. They may also benefit from greater economies of scale and operating efficiencies. Competitors may, whether through consolidation or growth, present more credible integrated and/or lower cost solutions than we do, causing us to win fewer tenders. If we do not succeed in being awarded the contracts for projects, we could fail to increase, or maintain, our volume of order intake and operating revenues. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

- 18. *Our business is dependent on our manufacturing facilities. The loss of or shutdown of operations at any of our manufacturing facilities may have a material adverse effect on our business, financial condition and results of operations.***

Our manufacturing facilities at Bhiwadi, Rajasthan and Bawal, Haryana are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

- 19. *We have high working capital requirements. If we experience insufficient cash flows to enable us to make required payments on our debt or fund working capital requirements, there may be an adverse effect on our results of operations.***

Our business requires a significant amount of working capital. In many cases, significant amounts of working capital is required to finance the purchase of materials and the performance of engineering, construction and other work on projects before payments are received from customers. In certain cases, we are contractually obligated to our customers to fund the working capital requirements of our projects. Our working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a project or otherwise increase our working capital burdens. In addition, our working capital requirements have increased in recent years due to the general growth of our Company’s business. If a customer defaults in making its payment on a project to which we have devoted significant resources, it may also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. All of these factors may result, or have resulted, in increases in our working capital requirements. If we are unable to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms, it may adversely affect our business and growth prospects.

- 20. *Our indebtedness could adversely affect our financial condition and results of operations.***

As at October 31, 2009 and March 31, 2010, our outstanding indebtedness to banks totalled Rs. 2,468.12 million and Rs. 15,616.81 million, respectively. We have entered into agreements with certain banks for our credit facilities and to increase our credit limits. Some of these agreements contain





requirements to maintain certain security margins and financial ratios and also contain restrictive covenants, such as requiring lender consent for, among others things, issuance of new shares, making any material changes to constitutional documents, incurring further indebtedness, creating further encumbrances on or disposing of assets, undertaking guarantee obligations, declaring dividends in case of default or incurring capital expenditures beyond certain limits. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. Our level of existing debt and any new debt that we may incur in the future has important consequences. For example, such debt could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital, capital expenditures and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations to service our debt;
- limit our flexibility to react to changes in our business and in the industry in which we operate;
- place us at a competitive disadvantage with respect to any of our competitors who have less debt or whose cost of debt is lower;
- require us to meet additional financial covenants;
- limit, along with other restrictive covenants, among other things, our ability to borrow additional funds; and
- lead to circumstances that result in an event of default, if not waived or cured. A default under one debt instrument may also trigger cross-defaults under other debt instruments.

For details regarding our financial indebtedness, please see “*Financial Indebtedness*” on page 357. Any of these developments could adversely affect our business, financial condition and results of operations.

We cannot provide any assurance that our business will generate cash in an amount sufficient to enable us to service our debt or to fund our other liquidity needs as they come due. In addition, we may need to refinance all or a portion of our debt on or before maturity. We cannot provide any assurance that we will be able to refinance any of our debt on commercially reasonable terms, or at all. If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financings on terms acceptable to us, our business, financial condition and results of operations may be adversely affected.

**21. *Lack of long term fixed price contracts with our raw material suppliers may adversely affect our business and results of operations.***

We buy some of our raw materials such as steel at market prices on a spot contract basis. While we have not experienced any significant interruptions to our operations due to unavailability of raw materials, the absence of an assured supply of raw materials or protection against an increase in the price of the raw materials may adversely affect our business, financial condition, results of operations and prospects.

**22. *Our inability to complete projects on a timely basis or at all, may cause us to incur liquidated damages for time overruns pursuant to our contracts, which may adversely affect our results of operation.***

Our project-based businesses depend on the proper and timely management of our projects. Although we focus on project management and have an experienced project management team, ineffective or inefficient project management could increase our costs and expenses, and thus materially and adversely affect our profitability. We typically enter into contracts which provide for liquidated damages for time overruns. Additionally, in some contracts, in case of delay due to deficiency in services or because of defective work done by us, clients may have the right to complete the work, at our risk and cost, by engaging a third party. Further, in our contracts our clients may be required to obtain statutory approvals for right of way, acquire land and make payments towards crop and tree compensation, increasing the risks of idling of resources and delay, as well as our liabilities. In case we are unable to meet the performance criteria as prescribed by the clients and if liquidated damages are levied against us, our financial condition and results of operations could be materially and adversely affected.



23. ***We will have broad discretion in how we use the Net Proceeds of this Offer. This could affect our profitability and cause the price of our Equity Shares to decline.***

We intend to use the Net Proceeds to fund our working capital requirements. For further details, see “***Objects of the Offer***” on page 41. Since we intend to utilise a substantial portion of the Net Proceeds towards our working capital requirements, we have not entered into any definitive agreements to utilise such Net Proceeds. Pending any use of the Net Proceeds, we intend to temporarily invest the funds in interest/dividend bearing liquid instruments including investments in mutual funds, for the necessary duration. We have not yet finalized the amount of Net Proceeds that we will use specifically for each of these purposes. We may use part of the Net Proceeds for general corporate purposes that do not improve our profitability or increase our market value, which could cause the price of our Equity Shares to decline. Our management will have considerable discretion in the application of the Net Proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether we are using the proceeds in a manner that you believe enhances our market value.

24. ***Our funding requirements and deployment of the Net Proceeds are based on management estimates and have not been independently appraised.***

Our funding requirements and the deployment of the Net Proceeds are based on management estimates and have not been appraised by any bank or financial institution. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change. This may result in the rescheduling of our expenditure programs and an increase or decrease in our proposed expenditure for a particular matter. Further, the Net Proceeds are to be deployed at the sole discretion of our Board and are not subject to monitoring by any independent agency.

25. ***Our business is dependent on a continuing relationship with our customers and strategic partners and the loss of a significant customer or strategic partner may adversely affect our business, financial condition and results of operations.***

Our business is dependent on companies operating in the infrastructure sector, particularly in the power, steel and cement sectors. In addition, one of the key factors impacting our business is developing and maintaining strategic alliances with other EPC contractors that undertake turnkey contracts in the infrastructure sector and sub-contract a part of these projects to us. As a business process, we gather information on new projects through interactions with consultants, prospective or current customers, or publications. Based on gathered information, introduction letters along with our Company profile are sent to prospective customers or consultants followed by our team visiting the customer. Most of our contracts are finalized either through competitive bidding process or through tenders issued by customers to short listed parties. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship with certain of our key customers and strategic partners. The loss of a significant customer or a number of significant customers may have an adverse effect on our business, financial condition and results of operations.

26. ***We may not be successful in our strategy of directly contracting with power generation companies. Our inability to successfully implement this strategy may have an adverse effect on our business and results of operation.***

Historically, we have procured coal handling and ash handling projects in the power sector through contracting with EPC companies that construct power projects for power generation companies. We believe that in some cases this business model, however, limits our profit margins as well as time available to us for execution of our portion of the project. As a result, we have begun to focus on procuring EPC and BoP projects directly from power generation companies. We cannot assure you that we will be successful in implementing this strategy of procuring EPC or BoP contracts directly from power generation companies or that this strategy will not adversely influence EPC companies and prevent them from contracting with us for coal handling and ash handling projects. If we are unsuccessful in implementing this strategy, our business and results of operations could be adversely affected.



**27. *Our clients pay us by way of progress payments and require retention money, and delay in progress payments or release of retention money may affect our working capital and cash flow.***

Most of our contracts provide for progress payments from clients with reference to the value of work completed upon reaching certain milestones. Generally, in our projects, the client issues a progress certificate certifying the work progress in the preceding contract stage. The client then effects payments with reference to these certificates within the stipulated time period. As a result, we are often required to commit resources to projects prior to receiving payment from clients in amounts sufficient to cover expenditures on the projects as they are incurred. In addition, a portion of the contract value, generally 10%, is usually withheld by the client as retention money and is generally released upon the testing of the product or the supply date, whichever is later. The aggregate amount of retention money outstanding as of October 31, 2009 was Rs. 2,481.69 million. In addition, we provide performance guarantees to our clients for the course of the warranty period which generally ranges from 12 months to 18 months, after the testing of the product or the supply date, whichever is later. Such performance guarantees are secured by guarantees from banks. Delays in progress payments or release of retention money or guarantees in form of letters of credit from our clients may increase our working capital needs. If a client defaults in making its payments on a project to which we have devoted significant resources, it could also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. In general, we make provisions for bad debts, including those arising from progress payments or release of retention money, based primarily on ageing and other factors such as special circumstances relating to specific clients. There can be no assurance that the progress payments and the retention money will be remitted by our clients to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from such payment practice.

**28. *The securities of one of our Group Companies, Fusion Fittings (I) Limited, have been suspended from trading. In the event such suspension is not revoked in the near future, our reputation may be adversely affected.***

The securities of one of our Group Companies, Fusion Fittings (I) Limited have been suspended from trading from the BSE with effect from September 14, 1998 *i.e.* prior to its acquisition by our Promoter Group Companies, on the grounds of providing shorter notice for book closure. Though the process of revocation of suspension of trading is in progress, we cannot assure you that the suspension will be revoked before listing of our Equity Shares. In the event the BSE does not revoke the abovementioned suspension, our reputation may be adversely affected.

**29. *Contingent liabilities which have not been provided for could adversely affect our financial conditions.***

Our contingent liabilities as at October 31, 2009 aggregated Rs. 865.94 million. If any or all of these contingent liabilities materialise, it could have an adverse effect on our business, financial condition and results of operation. For further information, see “**Financial Information**” on page F 1.

(Rs. in million)		
Sl. No.		Amount
1.	Bills discounted (including cheques discounted) with recourse	153.17
2.	Demand for additional price / enhancement cost in respect of plots for our manufacturing facility situated in Bawal, Haryana	6.16
3.	Sales tax liability against pending “C” and “E 1” forms	639.12
4.	Claims against the company not acknowledged as debt in respect of sales tax matters	57.01
5.	Claims against the company not acknowledged as debt in respect of labour matters	1.20
6.	Show cause cum demand notice from The Additional Commissioner of Central Excise (Adjudication Cell, Pune) for service tax (received by TAL, which is now merged with our Company)	9.28

\* Additionally, our Company has executed a contract in respect of which debts amounting to Rs. 56.63 million are outstanding as on October 31, 2009. Our Company has made a provision of Rs. 37.40 million, as the statutory auditors believe the recovery is doubtful. The balance Rs. 19.23 million is considered recoverable since our Company has received performance guarantee certificates from the customer. Further, our Company has issued bank guarantees amounting to Rs. 47.7 million towards liquidated damages for the aforesaid contract. These bank guarantees were issued to recover amounts withheld by the customer including claims for



rectification. The customer has not until date released or utilized any of the bank guarantees provided by our Company. Accordingly, we believe that there will be no claims on account of liquidated damages and hence has not provided for the same.

**30. *Our accounts receivable collection cycle is relatively long, which exposes us to higher client credit risk and seasonality in our results.***

Our accounts receivable collection cycle is fairly long as a result of the nature of our business and operations. This makes our business more susceptible to market downturns and client credit risk. Our Company experiences seasonality in its financial results and a significant portion of our revenues is generally booked in the last quarter. For example, we generated revenues of Rs. 979.21 million, Rs. 1,540.84 million, Rs. 2,027.35 million and Rs. 3,445.66 million in first, second, third and fourth quarters of fiscal 2009, respectively. Our revenues in fourth quarter of fiscal 2009 accounted for 43.11% of our total revenue in fiscal 2009. Similarly, our revenues in the fourth quarter of fiscal 2008 accounted for 47.66% of our total revenue in fiscal 2008. Additionally, the failure of our clients to make timely payments could require us to write off accounts and make provisions against receivables or increase our working capital requirements or accounts receivable reserves, which could adversely affect our results of operations and financial condition.

**31. *Due to the long-term nature of many of our customer agreements, we are exposed to certain additional risks.***

Due to the long-term nature of many of our customer agreements, we are dependent on the continued financial strength of our customers. If one or more of our major customers experience financial difficulties, this could result in uncollectible accounts receivable, which could have an adverse effect on our results of operations and financial condition. Further, such long term arrangements may restrict our operational and financial flexibility in certain respects. For instance, business circumstances may materially change over the life of one or more of our contracts and we may not have the ability to modify our contracts to reflect these changes. Further, being committed under these contracts may restrict our ability to implement changes to our business plan and we may be contractually restricted in our ability to, among other things, increase prices, sell our interests to third parties, undertake expansions and contract with other customers. These restrictions would limit our flexibility in operating our business, which could have a material adverse effect on our business, prospects, financial condition and results of operations. Given that our revenue structure under each contract is significantly fixed over the life of the contract (or fluctuates subject to the built-in adjustment mechanisms contained in such contract), our profitability is largely dependent upon our cost efficiency and project management. If we are unable to effectively manage costs, our business, prospects, financial condition and results of operations may be materially and adversely affected.

**32. *Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees.***

Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees. Historically, we have not experienced any strike at any of our manufacturing facilities or project locations. In future, there can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Furthermore, in the event our or our contractor's work force (including contract labourers) unionizes in the future, collective bargaining efforts by labour unions may divert management's attention and result in increased costs. We may be unable to negotiate acceptable collective bargaining agreements with those employees who have chosen to be represented by unions, which could lead to union-initiated work stoppages, including strikes, thereby adversely affecting our business and results of operations. Any shortage of skilled personnel or work stoppages caused by disagreements with our work force could have an adverse effect on our business, and results of operations. We also enter into contracts with independent contractors to complete specified assignments and these contractors may be required to source the labour necessary to complete such assignments. Although we do not engage these labourers directly, it is possible under Indian law that we may be held responsible for wage payments, or benefits and amenities to labourers engaged by our independent contractors should such contractors default on wage payments or in providing benefits and amenities. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations. Furthermore, under Indian law, we may be required to absorb a portion of such contract labourers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business and



results of our operations.

**33. *We and our Group Companies are involved in a number of legal proceedings that, if determined against us, could have a material adverse impact on our financial condition and results of operations.***

We and our Group Companies are involved in a number of legal proceedings. These proceedings are pending at different levels of adjudication before various courts tribunals, enquiry officers, and appellate authorities. In the event of rulings against us or our Group Companies, by courts or tribunals in these proceedings or levy of penalties by statutory authorities, we or our Group Companies may need to make payments to others or book provisions against probable future payments, which could increase our expenses and our current liabilities and could also adversely affect our reputation.

Brief details of such proceedings and the claim amounts in relation to these cases, where claims have been quantified, are set forth below:

*Our Company*

(Rs. in million, unless stated otherwise)

S. No.	Nature of Proceeding	Number of Cases	Amount
<b>Litigation against our Company</b>			
1.	Statutory notice	1	Not Ascertainable
2.	Income tax	2	0.23
2.	Sales tax	1	0.14
3.	Civil cases	1	9,930
4.	Legal notice	1	5.13
	<b>Total</b>	<b>6</b>	<b>9,935.50</b>
<b>Litigation by our Company</b>			
1.	Legal notice	1	0.12 (million Euros)

*TAL (Now merged with our Company w.e.f. April 1, 2009)*

(Rs. in million, unless stated otherwise)

S. No.	Nature of Proceeding	Number of Cases	Amount
1.	Statutory notices	1	9.28
1.	Sales tax	6	47.04
2.	Civil cases	1	Not Ascertainable
3.	Legal notice	8	6.40
	<b>Total</b>	<b>16</b>	<b>62.72</b>

*Group Companies*



(Rs. in million, unless stated otherwise)

S. No.	Name of the Group Company	Nature of the litigation	Number of Cases	Aggregate approximate amount involved
1.	Fusion Fittings (I) Limited	Trade Tax	1	4.97
2.	Tecpro Paints Private Limited	Criminal cases	9	3.53
3.	Tecpro Energy Limited	Civil cases	1	Not Ascertainable
	<b>Total</b>		<b>11</b>	<b>8.50</b>

For further details of outstanding litigation against our Directors, our Promoters and our Group Companies, please see “**Outstanding Litigation and other Material Developments**” on page 393.

**34. *Our trademark is not currently registered under the Trade Marks Act. Accordingly, our ability to use the trademark, name and logo may be impaired.***



Currently, we do not have a registered trademark over the name “ **TECPRO** ” and logo “  ” under the Trade Marks Act, and consequently do not enjoy the statutory protections accorded to a trademark registered in India. Though we have made an application for registration for the name and logo and our logo “  ” has been published in the journal (journal no. 1416 dated May 16, 2009) and no objections were received from any party within the stipulated period, the registration of any trademark is a time-consuming process, and there can be no assurance that any such registration will be granted. In the absence of such registration, competitors or other companies may challenge the validity or scope of our intellectual property. Unless our trademarks are registered, we may only get passing off relief for our marks if used by others, which could materially and adversely affect our brand image, goodwill and business.

35. ***Certain of our technical collaboration agreements have not been stamped. Any inability to enforce our rights under the said agreements in the event of a breach by the other party may have an adverse effect on our business and financial condition.***

Certain of our technical collaboration agreements with international manufacturers have not been stamped. Accordingly, we may not be able to enforce any of our rights under the said agreements in any court of law in India, in the event of a breach of the said collaboration agreements. Our failure to enforce our rights may have an adverse effect on our business and financial condition.

36. ***Our statutory auditors had qualified their report on our financial statements.***

Our statutory auditors had qualified their report on our financial statements. Brief details of the area of audit qualifications are set forth below:

Area of Audit Qualification	Fiscal
<i>Our Company</i>	
The Company needs to strengthen its internal audit system to make it commensurate with the size and nature of its business.	2006
There were certain instances of delays in depositing undisputed advance income tax dues during the year.	
As required by the Companies Act, Blossom Automotive Private Limited, wholly subsidiary of the Company, has not taken the prior approval of the Central Government under Section 295, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from the State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after March 31, 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act. The final hearing of the application is pending with the Central Government. The financial statements of the Company for the year ended March 31, 2007, approved by the Board of the Company on June 4, 2007, have been revised on August 22, 2007 to include the above matter.	2007
The Company has an internal audit system. However, the scope and coverage needs to be enhanced to make it commensurate with the size and nature of its business.	
There were certain instances of delays in depositing undisputed advance income tax dues during the year.	
As required by the Companies Act, Blossom Automotive Private Limited, wholly owned subsidiary of the Company, had not taken the prior approval of the Central Government under Section 295 in the previous year, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after March 31, 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act. The final hearing of the application is pending with the Central Government. Subsequent to the approval of accounts	2008





Area of Audit Qualification	Fiscal
for the year ended March 31, 2008 by the Board of directors, the Company Law Board (CLB), on June 6, 2008, has compounded the petition filed by the Company and its officers. The CLB had ordered the payment of compounding fees aggregating Rs. 0.05 million to be paid by the Company and its officers. The payment for the same has been made.	
There were certain instances of delays in depositing undisputed advance income tax dues during the year.	
There were delays in depositing undisputed advance income tax dues amounting to Rs. 8.31 million during the year that were in arrears as at March 31, 2008 for a period of more than six months from the date they became payable.	
There were certain instances of delay in depositing undisputed advance income tax dues during the year. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.	2009
The corresponding figures to the profit and loss account, the cash flow statement and notes to the accounts for the period April 1, 2008 to October 2008 have not been presented as required by Accounting Standard – 25 on ‘Interim Financial Reporting prescribed under Companies (Accounting Standards) Rules, 2006.	October 31, 2009
<i>Tecpro Power Systems Limited (now merged with our Company)</i>	
TPSL does not have an internal audit system.	2009
There were delays in depositing undisputed advance income tax dues during the year. Undisputed advance income tax dues amounting to Rs. 3.11 million were in arrears as at March 31, 2009 for a period of more than six months from the date they became payable.	

For further details, see “**Financial Information**” on page 140.

**37. We have incurred negative cash flows in last five fiscal years.**

For the seven months period ended October 31, 2009 and fiscal 2006, we incurred negative cash flow from our operating activities of Rs. 685.25 million and Rs. 21.97 million, respectively. These negative cash flows were on account of the merger of Tecpro Ashtech Limited and Tecpro Power Systems Limited with our Company and increase in sundry debtors and inventories. Additionally, for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008, fiscal 2007 and fiscal 2006, we incurred negative cash flow from our investing activities of Rs. 178.26 million, Rs. 367.63 million, Rs. 234.93 million, Rs. 223.97 million and Rs. 61.44 million, respectively. These negative cash flows were primarily on account of investment in our operations head office in Chennai, Tamil Nadu. For further details, see “**Financial Information**” on page 140.

**38. We benefit from and continue to rely on our Promoters, Group Companies and members of our Promoter Group for certain key development and support activities and our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.**

We have entered into and may continue to enter into a number of related party transactions with our Promoters, Group Companies and associates. For details, see “**Our Promoters and Group Companies**”, “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**”, “**Financial Information**” on pages 126, 370 and 140, respectively. For instance, our corporate office in Gurgaon, our operations head office in Chennai and our Mumbai office have been given on lease/license to us by our Promoters. Further, we also received loans from our Promoters aggregating Rs. 101.83 million, Rs. 126.00 million, Rs. 35.50 million and Rs. 147.50 million in the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively. We also received loans from our Group Companies aggregating Rs. 62.29 million and Rs. 91.69 million in the seven months period ended October 31, 2009 and fiscal 2009, respectively.

In fiscal 2007, fiscal 2008, fiscal 2009 and for the seven months period ended October 31, 2009, we entered into related party transactions for an aggregate of Rs. 469.37 million, Rs. 448.15 million, Rs.



1,339.94 million and Rs. 883.33 million, respectively. While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

**39. *We require a number of approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.***

We require a number of approvals, licenses, registrations and permits for our business. Additionally, we may need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course. For more information, see “**Government and Other Approvals**” on page 400.

The following applications for approvals are pending:


*Approvals pending in relation to pollution control licenses, as of March 31, 2010:*

- Application dated April 16, 2009 to the RSPCB, Bhiwadi, for consent to establish industrial plant, under the Water Act; and
- Application dated April 16, 2009 to the RSPCB, Bhiwadi, for consent to establish industrial plant, under the Air Act.
- Application dated April 19, 2010 to Tamil Nadu Pollution Control Board, for consent to operate, under the Water Act and Air Act.

*Approvals pending in relation to intellectual property registration, as of March 31, 2010:*

- Application dated April 17, 2010 to the Office of the Licensing Officer and Joint Commissioner of Labour, for renewal of labour license for the establishment in Ibrahimpatnam, Andhra Pradesh.

*Approvals pending in relation to Intellectual Property Registration, as of March 31, 2010:*

- Application for registration of our name and logo “” under the Trade Marks Act on July 1, 2006 which is currently pending; and
- Application (No. 01927034) dated February 24, 2010 to the Trade Mark Registry for the mark “**TECPRO**” under class 7, class 37 and class 42 under the Trade Mark Rules.

If we fail to obtain any applicable approvals, licenses, registrations and permits in a timely manner, we may not be able to expand our business on time, or at all, which could affect our business and results of operations. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure. Our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business, financial and other conditions, profitability and results of operations. We cannot assure you that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our operations.

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

We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deems relevant, including among others, our results of



operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realisation of a gain on shareholders investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

**41. *We could be adversely affected if we fail to keep pace with technical and technological developments in the engineering and materials handling industry.***

Our experience indicates that customers are increasingly developing larger, more technically complex projects in the power and infrastructure sector. To meet our customers' needs, we must continuously update existing, and develop new technology for our products and services. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures and/or writing down of assets. Our failure to anticipate or to respond adequately to changing technical, market demands and/or customer requirements could adversely affect our business and financial results.

**42. *Some of our agreements with our customers and strategic partners require us to obtain their prior written consent before making any disclosures in relation to them or the relevant agreement or the project involved. As of the date hereof, we have not obtained such consents from certain of our customers and/or strategic partners. Our inability to obtain such consents may constitute a default under such agreements.***

Under the terms of some of our agreements, we are required to obtain the consent of our customers and/or strategic partners before making any disclosures in relation to them or the relevant agreement or the project involved. As of the date hereof, we have not obtained such consents from certain of our customers and/or strategic partners for making such disclosures in this Draft Red Herring Prospectus. Making such disclosures without our customers and/or strategic partners consents may constitute a default by the Company under the relevant agreements and will entitle the respective customers and/or strategic partners to call a default against the Company, enforce remedies under the terms of the agreements that include, among other things, termination of the agreements. In the event one or more of our customers and/or strategic partners call a default on our Company for making disclosures in relation to them in this Draft Red Herring Prospectus and terminate their respective arrangements, our business and financial condition may be adversely affected.

**43. *We are dependent on a number of key personnel and the loss of such persons, or our inability to attract and retain key personnel in the future, could adversely affect us.***

Our success depends on the continued services and performance of the members of our management team, other key employees and our Promoters. Competition for senior management personnel in the industry in which we engage is intense, and we may not be able to retain our existing senior management personnel, attract senior management personnel of similar capabilities or retain new senior management personnel in the future. The loss of the services of our senior management team or other key personnel could adversely affect our business and our results of operations and financial condition.

**44. *Our Promoters together with our Promoter Group will continue to retain majority shareholding in us after the Offer, which will allow them to exercise significant influence over us. We cannot assure you that our Promoters and/or our Promoter Group will always act in the Company's or your best interest.***

The majority of our issued and outstanding Equity Shares are currently beneficially owned by our Promoters and our Promoter Group. Upon completion of the Offer, our Promoters and Promoter Group will own 26,545,840 Equity Shares, or 52.59% of our post-Offer Equity Share capital, assuming full subscription of the Offer. Accordingly, our Promoters and Promoter Group will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our company and may make some transactions more difficult or impossible without the



support of these stockholders. The interests of the Promoters and Promoter Group as the Company's controlling shareholders could conflict with the Company's interests or the interests of its other shareholders. We cannot assure you that the Promoters and Promoter Group will act to resolve any conflicts of interest in the Company's or your favour.

45. ***Our insurance coverage may not adequately protect us against all material hazards. In the event that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.***

Our Company has various insurance policies in respect of our business, our assets such as stocks, machinery, buildings, furniture and our workmen. The various insurance policies obtained by us are in the usual course of our business and are currently valid and in full force. We have fire and burglary insurance for our offices and manufacturing facilities in relation to our inventories, raw materials and office equipment. We also take workmen's compensation insurance to cover any risk relating to accidents of the workmen during manufacturing, erection, fabrication or commissioning. We believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, nor that we have taken out 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 would have to be borne by us and our results of operations and financial performance could be adversely affected. For further details, see "***Our Business – Insurance***" on page 89.

46. ***Some of our Group Companies have incurred losses in the preceding fiscal years. We cannot assure you that these companies or any of our other Group Companies will not incur losses in the future, or that there will not be an adverse effect on our reputation or business as a result of such losses.***

Some of our Group Companies have incurred losses during the preceding fiscal year, as set forth below:

*Group Companies which have incurred loss*

Name of Company	(Rs. in million, unless otherwise stated)		
	Fiscal 2009	Loss/Profit Fiscal 2008	Fiscal 2007
Tecpro Infotech Private Limited	(0.02)	(0.02)	(0.02)
Tecpro Paints Private Limited	(2.28)	3.45	(0.82)
Gabrani Holdings Private Limited	(0.25)	-	-
Bishnoi Capitals Private Limited	(0.25)	-	-

There is no assurance that these companies or any other ventures promoted by our Promoters will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses.

47. ***2,103,033 Equity Shares, being 4.76% of our issued and paid-up capital held by our Promoters, are pledged with the State Bank of India. Any sale of the Equity Shares by the State bank of India in case of a default under the financing documents will dilute the shareholding of our Promoters and adversely affect our stock price which may have an adverse effect on our business and financial condition.***

Our Promoters collectively hold 18,339,184 Equity Shares i.e. 41.47% of our pre-Offer paid-up capital. 2,103,033 Equity Shares, held by our Promoters, being 4.76% of our current issued and paid-up capital are pledged with the State Bank of India. Any default under the financing documents may result in the State Bank of India selling the Equity Shares pledged to them in the open market, thereby diluting the shareholding of our Promoters. Any action initiated by the State Bank of India may result in the price of the Equity Shares being adversely impacted along with our ability to obtain further funding from



other banks and financial institutions. For further details see “*Capital Structure*” and “*Financial Indebtedness*” on pages 30 and 357, respectively.

#### ***External Risk Factors***

**48. *Increases in interest rates may affect our results of operations.***

Increases in interest rates will adversely affect the cost of our borrowings, as nearly all of our borrowings have a floating rate of interest. We do not currently enter into any interest rate hedging or swap transactions in connection with our loan agreements. We cannot assure you that we will be able to enter into interest hedging contracts or other financial arrangements on commercially reasonable terms, or that any of such agreements will protect us fully against our interest rate risk. Any increase in interest expense may have an adverse effect on our business, prospects, financial condition and results of operations.

**49. *Wage increases in India may reduce our profit margins and negatively impact our financial condition and results of operations.***

We are highly dependent upon availability of skilled and semi-skilled labour. Wages and other compensation paid to our employees is one of our significant operating costs, and an increase in the wages or employee benefit costs will significantly increase our operating costs. Because of rapid economic growth in India and increased competition for skilled and semi-skilled employees in India, wages for comparable employees in India are increasing at a fast rate. We may need to increase the levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining the quality and number of skilled and semi-skilled employees that our business requires. Further, many of our employees receive salaries that are linked to minimum wage laws in India and any increase in the minimum wage in any state in which we operate could significantly increase our operating costs. In addition, a shortage in the labour pool or other general inflationary pressures or changes will also increase our labour costs. Wage increases in the long-term may reduce our competitiveness and our profitability.

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

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. As a result, a slowdown in the Indian economy could adversely affect our business. India’s economy could be adversely affected by a general rise in interest rates, inflation, natural calamities, such as earthquakes, tsunamis, floods and drought, increases in commodity and energy prices, and protectionist efforts in other countries or various other factors. In addition, the Indian economy is in a state of transition. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business.

**51. *Recent global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business and our financial performance and may have an impact on the price of our Equity Shares.***

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies continuing into 2009. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. In the second half of 2008, added concerns fuelled by the United States government conservatorship of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, the declared bankruptcy of Lehman Brothers Holdings Inc., the United States government financial assistance to American International Group Inc., Citigroup Inc., Bank of America and other federal government interventions in the United States financial system led to increased market uncertainty and instability in both United States and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.





As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and may adversely affect the prices of our Equity Shares.

**52. *Volatility in the Rupee against foreign currencies may have an adverse effect on our results of operations.***

While a substantial portion of our revenues will be denominated in Rupees, from time to time we import equipment and raw material from foreign countries and we may in the future incur indebtedness denominated in foreign currencies to finance the expansion of our business. Any volatility in the Rupee against these currencies will significantly increase the Rupee cost to us of servicing and repaying our foreign currency payables. For example, the exchange rate for US\$ 1 = Rs. 39.89 as of March 31, 2008 depreciated to US\$ 1 = Rs. 51.76 as of March 31, 2009. If we are unable to recover the costs of foreign exchange variations, depreciation of the Rupee against foreign currencies may adversely affect our results of operations and financial condition.

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

We are subject to environmental, health and safety regulations. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations can often require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our employees, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or a shutdown of our facilities. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

**54. *Political instability or changes in the Government could adversely affect economic conditions in India and consequently our business.***

Our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The business of our Company, and the market price and liquidity of the Equity Shares may be affected by changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. The governments have usually been multi-party coalitions with differing agendas. Any political instability could affect the rate of economic liberalisation and the specific laws and policies affecting foreign investment, and our industry in particular. Other matters affecting investment in the Equity Shares





could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased.

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

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

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

Other acts of violence or war outside India, including those involving the United States, the United Kingdom or other countries, may adversely affect worldwide financial markets and could adversely affect the world economic environment, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India. South Asia has, from time to time, experienced instances of civil unrest and hostilities among other neighbouring countries.

**56. *The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.***

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

**57. *Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our working capital requirements and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

**58. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.***

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

**59. *Pursuant to the Finance Bill, 2010, the tax rates applicable to our Company may increase which may have an adverse impact on our business.***

On February 26, 2010, the Central Government presented its proposed budget for the fiscal year ending March 31, 2011, or the Finance Bill, 2010. Subject to approval of the Parliament and the President, the



Finance Bill, 2010 will be enacted into legislation, the Finance Act, 2010. If the Finance Act, 2010 is enacted, with or without modifications to the Finance Bill, 2010, tax rates could change and this may have an adverse impact on our business and results of operations. For instance, regulatory changes such as reductions of tariffs on imported equipment as compared to indigenous equipment could increase the competition we face and adversely affect our business. We can provide no assurance as to the extent of the impact of such proposed changes that we may face on account of the Finance Bill, 2010 or other regulatory enactments.

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

The Competition Act, 2002 (the “**Competition Act**”), several provisions of which have recently been brought into effect, is designed to prevent business practices that have an appreciable adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an adverse effect on competition. Further, if it is proved that the contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and liable to be punished.

The effect of the Competition Act on the business environment in India is as yet unclear. If we are affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission, it may have a material adverse effect on our business, financial condition and results of operations.

**61. *Significant differences exist between Indian GAAP and other accounting principles, such as IFRS, which may be material to investors’ assessments of our financial condition. Further, our inability to successfully adopt IFRS by April 2013 could have a material adverse effect on our stock price.***

Our financial statements, including the financial statements provided in this Draft Red Herring Prospectus, are prepared in accordance with Indian GAAP. IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements 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. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Further, Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with, IFRS. Ministry of Corporate Affairs, Government of India through a press release on January 22, 2010 has prescribed a roadmap for convergence of Indian Accounting Standards with IFRS. As per the press release there will be two separate sets of Accounting Standards under section 211 (3C) of the Companies Act 1956. The first set would comprise of Accounting Standards which are converged with IFRS which shall be applicable to a specified class of companies. The second set would comprise of existing Indian accounting standards which will be applicable to all other companies. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders’ equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2013 could have a material adverse effect on our stock price.

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



The price of our Equity Shares on the Stock Exchanges may fluctuate after this Offer as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors; the perception of the market with respect to investments in the materials handling industry; adverse media reports about us or the materials handling industry; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Offer. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Offer, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Offer.

**63. *There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Such approval will require all other relevant documents authorising the issue of our Equity Shares to be submitted. There could be a failure or delay in listing our Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

**64. *Any future issuance of Equity Shares may dilute your shareholdings, and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by potential investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**65. *There are restrictions on daily movements in the price of our 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.***

Following the Offer, we will be subject to a daily 'circuit breaker' imposed by the Stock Exchanges, which does not allow transactions beyond specified increases or decreases in the price of our 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 breakers will be set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

The Stock Exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

**Prominent Notes:**

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Offer.
- The net worth of our Company was Rs. 1,736.12 million and Rs. 2,585.50 million as at March 31, 2009 and seven months period ended October 31 2009, as per the restated consolidated financial statements of our Company prepared in accordance with Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.

The net worth of our Company was Rs. 1,515.84 million and Rs. 2,647.25 million as at March 31, 2009 and seven months period ended October 31 2009, as per the restated unconsolidated financial statements



of our Company prepared in accordance with Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.

- The net asset value per Equity Share of Rs. 10 each was Rs. 55.46 and Rs. 58.46 as at March 31, 2009 and the seven months period ended October 31 2009, respectively, as per the restated consolidated financial statements prepared in accordance with Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.

The net asset value per Equity Share of Rs. 10 each was Rs. 54.73 and Rs. 59.86 as at March 31, 2009 and the seven months period ended October 31 2009, respectively, as per the restated unconsolidated financial statements prepared in accordance with Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.

- The average cost of acquisition per Equity Share by our Promoters is:

Name of Promoter	Number of Equity Shares Held	Average cost of acquisition (In Rs.)
Mr. Ajay Kumar Bishnoi	9,019,842	5.66
Mr. Amul Gabrani	9,319,342	5.38
<b>Total</b>	<b>18,339,184</b>	

- None of our Group Companies have any business or other interest, except as stated in “**Consolidated Financial Information of Tecpro Systems Limited - Annexure XIII - Consolidated Statement of Related Party Disclosures**” on page 257 and “**Our Promoters and Group Companies**” on page 126, and to the extent of any Equity Shares held by them and to the extent of the benefits arising out of such shareholding.
- Our Company has entered into certain related party transactions for an aggregate amount of Rs. 883.33 million and Rs. 1,339.94 million, respectively, in the seven months period ended October 31, 2009 and the year ended March 31, 2009 respectively, based on our restated consolidated statements included in the Draft Red Herring Prospectus. For further information, see “**Consolidated Financial Information of Tecpro Systems Limited - Annexure XIII - Consolidated Statement of Related Party Disclosures**” on page 257.
- There has been no financing arrangement whereby the Promoter Group, our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of their business during the six months preceding the date of the Draft Red Herring Prospectus.



## SECTION III - INTRODUCTION

### SUMMARY OF INDUSTRY

*Unless otherwise indicated, the information in this section is derived from a combination of various official and unofficial publicly available materials and sources of information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness, underlying assumptions and reliability cannot be assured. Accordingly, investment decisions should not be based on such information. For further details in relation to the food service industry, see “**Industry Overview**” on page 62.*

#### **Infrastructure Development**

The high growth of the Indian economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, water supply and sanitation, all of which already suffer from a substantial deficit in terms of capacities and efficiencies in their delivery. While there has been some improvement in infrastructure development in the transport, communication and energy sectors in recent years, there are still significant gaps that need to be bridged. Building on the general consensus that infrastructure inadequacies would constitute a significant constraint in realizing India’s development potential, an ambitious program of infrastructure investment, involving both the public and private sector, is being implemented for the Eleventh Five Year Plan (2007-12) which emphasizes broad-based and inclusive approach to economic growth to improve the quality of life and reducing disparities across regions and communities. Similar policies are expected to be implemented for the Twelfth Five Year Plan (2012-17).

#### **Overview of Material Handling Systems Sector**

Material handling systems and equipment are classified as a part of the capital goods industry. The equipment manufactured includes bulk, powder and other solids handling systems for coal, ash and other raw materials and finished products including cement etc. The material handling equipment includes belt conveying systems, pneumatic conveying systems, crushing and screening equipment, coal/ore/ash handling plants and associated equipment such as stackers, reclaimers, ship loaders/unloaders, wagon tipplers, feeders etc. which cater to the needs of the core industries such as power, cement, port, mining, fertilizers and iron & steel.

The industry can be broadly divided into:

- Material Handling Systems; and
  - Bulk Material Handling
  - Unit Load Handling
- Ash Handling Systems.

#### **Industry Growth and Prospects**

The market prospects for material handling industry looks promising and the industry is expected to grow over the next 10 years at a rate which is linked to the growth expected in the core industries such as coal, steel, cement, fertilizers, mining, ports, power and petrochemicals. India is in the midst of a substantial overhaul in infrastructure, with large investments required to maintain its targeted GDP growth of 9% and above. The strong resurgence seen in investment demand has driven India’s industrial growth which rose to 9.6% for April-January, 2009-10 against 3.3% during the same period in previous year (Source: [www.finmin.nic.in](http://www.finmin.nic.in)). This has facilitated a robust increase in order book for the material handling sector.

#### **Power Sector**

The power sector in India has historically been characterized by energy shortages. According to the CEA monthly Power Sector report, demand for electricity in India exceeded supply by 10.8% for April – February, 2009-10 and peak deficit for the same period was 12.6%. It is anticipated that by the year 2012, India’s peak demand would be 152,746 MW with energy requirement of 969 billion units.

The low per capita consumption of electric power in India compared to the world average presents a significant



potential for sustainable growth in the demand for electric power in India. The GoI has set an ambitious target of providing “Power for All” by 2012. According to Eleventh Plan, a capacity expansion of 78,700 MW has been planned, of which 75.85% (59,693 MW) is proposed to be generated from thermal power. A capacity addition of about 100,000 MW from conventional power projects is required during the Twelfth Plan to meet the pan-India demand projections of 17<sup>th</sup> Electric Power Survey by CEA.

### ***Steel Sector***

According to the Ministry of Steel, India is currently the fifth largest producer of crude steel in the world and is expected to become the second largest producer by 2015-16. India is net importer of steel and with the government emphasis on development of infrastructure, steel demand is going to increase substantially in the coming years. As per Annual Report 2009-10 of the Ministry of Steel, domestic consumption was at 40.997 MT during April-December 2009-10 (provisional) and increased by 7.8% indicating further strengthening of demand as compared to the corresponding period in financial year 2009. In order to boost the development and expansion of the industry, the National Steel Policy was formulated in 2005 as a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The National Steel Policy seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 MT by 2019-20. According to the Ministry of Steel, these estimates will be largely exceeded and it has been assessed that, on a most likely scenario basis, the crude steel production capacity in the country by the year 2011-12 will be nearly 124 MT.

### ***Cement***

According to Cement Manufacturers’ Association, India is the second largest cement producer in the world with a total capacity of 219 MT at the end of financial year 2009. With the Government of India giving boost to various infrastructure projects, housing facilities and road networks, the cement consumption in India is expected to continue growing in the coming years.





## SUMMARY OF BUSINESS

*Investors should note that this is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information in “**Risk Factors**” and our “**Financial Information**” and related notes on pages xi and 140, respectively, before deciding to invest in our Equity Shares.*

### Overview

We are an established material handling company in India, engaged in providing turnkey solutions in material handling, ash handling, balance of plant (“**BoP**”) and engineering, procurement and construction (“**EPC**”) contracts. In our flagship business of material handling solutions, we design, engineer, manufacture, sell, commission and service a range of systems and equipment for the core infrastructure related sectors like power, steel, cement and other industries. Over the years we have developed in-house capabilities for providing comprehensive solutions in material handling and ash handling systems. With a vision to build an integrated business serving the power sector, we have expanded into various complimentary businesses across different segments of the power sector. Based on publicly available information, in fiscal 2009, we believe that we were amongst the largest companies in the material handling industry in comparison to our competitors who are currently listed on the stock exchanges in India. According to information available on the website of the Central Electricity Authority (<https://www.cia.nic.in>), as of August 2009, our Company has received the highest number of orders for coal handling plants during the Eleventh Five Year Plan (2007-2012). We were also awarded the “Emerging India 2007” award in the infrastructure sector in 2007 by ICICI Bank and CNBC TV18.

Our Company was incorporated in 1990 and is promoted by Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani who are first generation entrepreneurs with more than 25 years of experience in the material handling industry. Our Company started operations in the material handling business in 2001 and up to March 31, 2010 we have executed 1,007 material handling orders and currently we have 225 material handling orders under execution. In order to expand our scope of services, we have integrated the ash handling business of Tecpro Ashtech Limited (“**TAL**”, previously known as Mahindra Ashtech Limited) with our existing material handling operations pursuant to the merger of TAL with our Company (the ‘**Ashtech Amalgamation**’). TAL had been engaged in the business of ash handling systems for over 40 years. For details of the Ashtech Amalgamation, please see “**History and Certain Corporate Matters- Schemes of Amalgamation**” on page 95.

Leveraging our capabilities in coal handling and ash handling and our established project management track record, we have begun to focus on turnkey BoP contracts in the thermal power generation sector. The scope of our services for BoP contracts includes design and engineering, manufacturing and sourcing of equipment and packages, project management and commissioning. We believe that our ability to provide coal handling and ash handling solutions in-house, which forms a substantial part of the BoP contracts, provides us with a competitive advantage in terms of cost, quality and execution timeline. We were awarded our first BoP contract worth Rs. 9,930 million by the Chhattisgarh State Power Generation Company for a 1x500 MW thermal power plant at Korba West in August 2009 through a consortium led by our Company.

We have also entered the EPC segment for thermal power projects in 2007, in which we manage the erection and commissioning of the boiler, turbine and generator (“**BTG**”) packages along with undertaking the engineering, design, supply and commissioning of other equipment and services in an EPC contract. We either collaborate or outsource to a third party supplier for providing BTG packages in relation to our EPC contracts. Currently, we undertake EPC contracts for small thermal power plants.

We have entered into technical collaborations and license agreements with several international companies which strengthen our technical credentials and provide us access to advanced technologies, allowing us to offer customized solutions to our clients’ specific requirements. We have seven collaborations for various material handling equipment and technologies, and three collaborations in relation to our ash handling operations. Some of our technical collaborations include FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany and Hein, Lehmann, Trenn-und Fordertechnik GmbH, Germany for material handling equipment and with Xiamen Longking Bulk Materials Science and Engineering Company Limited in relation to dry bottom ash handling system and pneumatic coal mill reject handling system for which Longking provides technical assistance.



Our operations are spread across India with our operations head office in Chennai and design, engineering and marketing offices at Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, and Bangalore. In addition, through our Subsidiaries Tecpro International FZE in Dubai, UAE and Tecpro Systems (Singapore) Pte. Limited in Singapore and marketing office in Johannesburg, South Africa, we are catering to the needs of the Middle East, South-East Asia and the African markets, respectively. We have four manufacturing facilities out of which three facilities are located at Bhiwadi, Rajasthan and one at Bawal, Haryana. We were accredited with the ISO 9001 in 2003 from QMS Certification Services for our quality management system.

Our Order Book represents our estimated revenue for ongoing projects and new contracts awarded to us. We had an Order Book of Rs. 20,139.55 million and Rs. 12,528.61 million as on March 31, 2010 and March 31, 2009, respectively. We were awarded additional contracts of Rs. 3,620.04 million in material handling, Rs. 2,595.70 million in ash handling and an order for BoP worth Rs. 9,930.00 million, which was awarded to a consortium led by our Company, during the period between April 1, 2009 and March 31, 2010.

In recent years, we have been able to expand our operations substantially growing at a compound annual growth rate of 86.44% over the last three fiscal years. In fiscal 2009, fiscal 2008 and fiscal 2007, our consolidated income (excluding the revenue generated by TAL prior to the Ashtech Amalgamation) was Rs. 7,993.06 million, Rs. 5,046.52 million and Rs. 2,299.57 million, respectively. Over the same period, our compound annual growth rate for profit after tax has been 66.21% and our restated consolidated net profit was Rs. 556.46 million, Rs. 407.70 million and Rs. 201.43 million for fiscal 2009, fiscal 2008 and fiscal 2007, respectively. For the seven months period ended October 31, 2009, our consolidated income and restated net profit were Rs. 5,033.18 million and Rs. 118.00 million, respectively, which included our income from providing ash handling solutions pursuant to the Ashtech Amalgamation. For details of income of TAL prior to merger with our Company, please see “*Financial Information of Tecpro Ashtech Limited*” on page 311.

## **Our Strengths**

### ***Project management expertise and established track record of project execution***

Since commencement of our operations in 2001, we have a project management track record of successfully executing over 684 material handling projects in diverse sectors. As of March 31, 2010, we have installed up to 325 kms of conveyor belts and up to 24 kms of vertical lifts in relation to our material handling business. Additionally, pursuant to the Ashtech Amalgamation, TAL which was engaged in the business of ash handling systems since last 40 years, has merged with our Company. The Ashtech Amalgamation was envisaged to create a single entity which would carry on businesses of material handling and ash handling that are integrated and complimentary in nature. The merger would also help the management to achieve greater integration and better financial strength which would result in improving the competitive position of the combined entity. In the power sector, we have been engaged in and provided turnkey material handling solutions in several thermal power projects aggregating up to 10,800 MW of installed capacity since commencement of our operations.

We believe that our established track record has helped us in developing project management skills for executing projects in a time and cost effective manner. Our pan-India presence with design, engineering and marketing offices in seven major cities provides us wide reach and operational flexibility which helps us expedite our equipment and personnel reallocation in response to our business or customer requirements. We believe that our project execution capabilities have enabled us to establish long term relationships with our clients and receive repeat orders from them. As of March 31, 2010, we have received repeat orders from 135 clients for 1,149 orders since 2001 which we believe is a testimony to our execution track record and relationship with our clients.

### ***Robust Order Book***

Our Order Book represents our estimated revenues from ongoing and new contracts awarded to us. Our consolidated Order Book as on March 31, 2010 was Rs. 20,139.55 million, as compared with Rs. 12,528.61 million as at March 31, 2009 and Rs. 9,668.84 million as at March 31, 2008. We believe that the consistent growth in our Order Book position is a result of our performance track record and ability to successfully market our services to existing and new clients. The composition of our Order Book is diversified across PSU and private sector clients. Currently, we are currently executing 69 projects for PSU clients and 188 projects for private sector clients.



### ***Strong in-house design and manufacturing capabilities***

Currently, we have four manufacturing facilities out of which three facilities are located at Bhiwadi, Rajasthan and one at Bawal, Haryana. We manufacture stackers, reclaimers, crushers, screens, feeders and fabricated structures at our factory in Bawal, Haryana. Our plant at Bhiwadi, Rajasthan has facilities for manufacturing pulleys, idler, rollers, structures, feeders, screens, conveyor systems, conveyor components, crushers and screen parts. We also have a casting unit in Bhiwadi, Rajasthan for both material handling and ash handling equipment and a manufacturing unit of ash handling equipment in Bhiwadi, Rajasthan. Over the years, we have also developed extensive in-house mechanical, electrical, civil, design and engineering capabilities with an established track record of executing turnkey projects in the power, steel and cement industries. We have an in-house design and engineering team, consisting of 286 design engineers and experienced project management team which gives us control of the entire process, from conceptualization to commissioning of a given project which helps us in providing customized solutions as per our clients' specific requirements. Our design, engineering and marketing teams are spread across offices at Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, Chennai and Bangalore which provides greater flexibility and efficiency. We believe that our ability to design, manufacture and commission material handling and ash handling systems in-house provides us with a competitive edge and helps reduce costs and execution time.

### ***Technical collaborations and alliances with international manufacturers***

We have technical collaborations and license agreements with international companies including FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany, Maschinenfabrik Liezen und Giesserei GmbH, Austria, PEYTEC Material Handling GmbH, Austria and Won Duck Industrial Machinery Company Limited, Korea. These collaborations and alliances provide us access to advanced technologies and expertise developed by these companies which along with our project management, engineering and construction capabilities and our knowledge of the Indian market enable us to provide effective solutions for our clients. We believe that our collaborations with such international companies strengthen our technical credentials and allows us to offer superior solutions to our customers.

### ***Experienced management team***

We have an experienced management team led by our Promoters, Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani, each of whom has more than 25 years experience in the material handling industry. Our senior management team includes former senior employees from McNally Bharat Engineering Company Limited, Texmaco Limited, Fenner (India) Limited and Cimenco Birla Limited. We believe that our management team is well qualified with significant industry experience and has been responsible for the growth in our operations. For example, our Promoters acquired Mahindra Ashtech Limited in June, 2008, which had made significant losses in fiscal 2004, fiscal 2005 and fiscal 2007, and subsequent to acquisition, TAL (previously known as Mahindra Ashtech Limited) recorded a profit after tax in fiscal 2009. For details of income of TAL, please see "***Financial Information of Tecpro Ashtech Limited***" on page 311. We believe that the experience and relationships that our management team has, have extended our operating capabilities, improved the quality of our services and facilitated access to our clients.

### ***Well-positioned to capitalize on the growth opportunities in the power sector in India***

The power sector in India has historically been characterized by power shortages that have consistently increased over time. According to the CEA October 2009 Report, the total peak shortage was 14,672 MW from April 2009 to October 2009. As per the IEP Report, the Expert Committee on Power, in the Eleventh Plan (2007-2012), a capacity addition of 71 GW and 84 GW, assuming an 8.0% and 9.0% GDP growth rate, respectively, would be required by 2012. Given our experience in the coal handling and ash handling solutions which form a substantial part of the BoP projects in power sector and our project management track record, we believe that we are well-positioned to capitalize on this growth opportunity in the power sector.



## **Our Business Strategies**

Our objective is to continuously improve upon and consolidate our position in providing turnkey solutions in material handling, ash handling, and executing BoP and EPC contracts for thermal power projects. We plan to achieve this by implementing the following strategies:

### ***Focus on material and ash handling and BoP contracts in the power sector***

The deregulation of the power sector pursuant to the Electricity Act, 2003, as amended and subsequent reforms including 100% FDI through automatic route, have generated significant growth opportunities in the Indian power sector. As per the IEP Report, the Expert Committee on Power, in the Eleventh Plan (2007-2012), a capacity addition of 71 GW and 84 GW, assuming an 8.0% and 9.0% GDP growth rate, respectively, would be required by 2012. We believe that GoI's focus and sustained budgetary allocation for infrastructure in power sector and increased funding by international and multilateral development financial institutions in the power sector will result in sustained demand for material handling and infrastructure requirements in the power sector. We intend to capitalize on this demand and expand our operations and move up the value chain in the power-infrastructure sector.

We seek to focus on the opportunities available in the material handling and ash handling solutions as well as undertake EPC and BoP contracts in the power sector. We have entered the BoP segment having secured the BoP order in 2009 from CSPGCL for the Korba West Thermal Power Project of 1x500 MW (Extension Stage -III) through a consortium led by our Company. We seek to develop our capabilities in this segment by successfully executing BoP projects in consortium and building a track record to bid for large BoP and EPC contracts, as the lead contractor on such projects and deploy our resources more efficiently and improve operating margins. For certain large value projects, we also plan to form strategic alliances with relevant experienced and qualified sub-contractors.

### ***Acquire expertise in related systems through technical tie-ups and inorganic growth***

By leveraging our core expertise in providing material handling and ash handling solutions, we seek to become a leading BoP player in the power sector by integrating our services and expanding our product portfolio. Currently, we provide material handling and ash handling systems in-house, which form a substantial part in a BoP contract, and source the remaining packages. However, we intend to move towards providing more value added engineering services and improve our manufacturing and project execution capabilities. Accordingly, we propose to manufacture and commission water treatment plants and cooling towers in-house for our BoP contracts. Further, we also intend to foray into supply and commissioning of coal washeries and port handling operations. In order to acquire technical expertise in manufacturing such water treatment plants, cooling towers or coal washeries, we may enter into technical collaborations or strategic tie-ups with international companies with advanced manufacturing technologies or acquire any existing companies with such technical expertise in order to consolidate our operations in the power infrastructure sector. We believe this will enable us to provide more cost efficient and time effective services and help us to expand our business operations and increase our margins.

### ***Increase our product offerings***

We undertake turnkey projects for our clients including BoP and EPC contracts for thermal power plants. For some projects we buy certain equipment that we do not manufacture; or we bid with a partner who has the capability to supply such packages. We intend to increase our product range of material handling equipment like stackers, reclaimers of different sizes and decrease our dependence on external manufacturers and suppliers. We intend to focus on manufacturing equipment which enables us to increase our profit margins and/or are critical to our projects to reduce our dependence on third party suppliers. We believe that this will enhance our capability to execute our projects in a timely manner and improve our profitability.

### ***Continue expansion in both domestic and international markets***

We seek to expand and enhance our presence in our existing business segments by identifying markets where we can provide cost effective, technically advanced solutions to our clients thereby distinguishing ourselves from our competitors. We have established subsidiaries in Singapore and Dubai and we intend to leverage our presence in



Singapore, Dubai and Johannesburg to expand into emerging markets such as Africa and South East Asia. We have recently received an order from Vietnam Machinery Installation Corporation for the design, manufacture, supply, installation and commission of ash handling systems for a 1,200 MW Vung Ang 1 coal-based thermal power plant in Vietnam. We are also actively looking for international opportunities in the infrastructure sector in power, steel and cement industries. In the Indian market, we seek to capitalize on our experience, established contacts with local clients and suppliers and familiarity with local working conditions. We believe that these end markets offer several compelling growth opportunities and we expect increased spending by key customers in industries in which we provide services.



## SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated unconsolidated financial statements and restated consolidated financial statements for fiscal 2009, 2008, 2007, 2006, 2005 and the seven months period ended October 31, 2009. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations and are presented in “*Financial Information*” on page 140. The unconsolidated summary financial information and consolidated summary financial information presented below should be read in conjunction with our unconsolidated and consolidated financial statements, the notes thereto and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 370.

### Unconsolidated summary statement of profit and loss, as restated

Particulars	(Amounts in Rupees million)					
	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
<b>Income</b>						
Sales						
- Of products manufactured by the Company	262.66	538.28	681.34	1,438.05	2,052.28	821.86
- Of products traded (project supply) by the Company	219.84	387.34	1,382.01	2,863.77	3,765.34	2,480.11
Service income	19.07	103.13	236.22	522.22	493.20	257.45
Contract revenue	-	-	-	-	759.01	1,473.58
Other income	1.82	3.73	13.51	37.83	90.68	96.32
Increase/ (decrease) in inventory	19.62	35.21	70.83	2.37	268.80	352.26
<b>Total (A)</b>	<b>523.01</b>	<b>1,067.69</b>	<b>2,383.91</b>	<b>4,864.24</b>	<b>7,429.31</b>	<b>5,481.58</b>
<b>Expenditure</b>						
Raw materials consumed-manufacturing	129.22	269.22	446.25	895.05	1,617.95	690.36
Raw materials consumed-supplied to fabricators /sites for fabrication	162.18	154.65	251.44	554.12	743.08	233.29
Purchases of traded products (project supplies)	66.62	232.96	893.91	1,828.38	2,374.14	2,073.68
Contract costs	-	-	-	-	469.67	912.30
Staff costs	23.34	55.92	115.85	225.37	370.31	350.42
Other cost of goods sold	33.13	86.25	101.76	233.31	400.58	300.87
Administration expenses	28.08	51.22	102.65	190.65	176.57	169.28
Selling and distribution expenses	36.03	39.66	85.44	210.56	296.24	190.13
Interest and bank charges	7.22	16.50	35.13	44.31	130.78	318.49
Depreciation and amortization	1.23	7.49	12.35	23.02	31.20	35.76
<b>Total (B)</b>	<b>487.05</b>	<b>913.87</b>	<b>2,044.78</b>	<b>4,204.77</b>	<b>6,610.52</b>	<b>5,274.58</b>
<b>Profit/(loss) before tax and adjustments (C) =(A) – (B)</b>	<b>35.96</b>	<b>153.82</b>	<b>339.13</b>	<b>659.47</b>	<b>818.79</b>	<b>207.00</b>
<b>Provision for tax</b>						
- Current tax (D)	8.00	59.31	123.82	241.47	307.76	75.32
- Deferred tax charge/(release) (E)	0.30	1.69	2.33	2.37	(1.26)	(0.73)
- Fringe benefit tax (F)	-	1.73	2.17	4.18	5.42	0.09
<b>Profit/(loss) after tax and before adjustments (G) = (C) -(D) - (E) -(F)</b>	<b>27.66</b>	<b>91.09</b>	<b>210.81</b>	<b>411.45</b>	<b>506.87</b>	<b>132.32</b>





# Unconsolidated summary statement of profit and loss, as restated (continued)

Particulars	(Amounts in Rupees million)					
	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
Adjustments (Refer Note 1 of Annexure IV) <b>(H)</b>	(2.02)	0.96	0.04	0.04	0.04	0.02
Adjustments pursuant to the scheme of amalgamation (Refer Note 1 of Annexure IV) <b>#(I)</b>	-	-	-	-	2.10	-
Current tax impact and prior period income tax impact of adjustments (Refer Note 1 of Annexure IV) <b>(J)</b>	(5.92)	5.50	(1.32)	(1.37)	2.08	4.30
Fringe benefit tax impact of adjustments (Refer Note 1 of Annexure IV) <b>(K)</b>	-	-	(0.58)	0.32	0.17	0.09
Deferred tax impact of adjustments (Refer Note 1 of Annexure IV) <b>(L)</b> [(charge)/release]	(0.36)	(0.40)	0.50	0.03	0.47	(0.29)
<b>Total of adjustments after tax impact (M) = (H)+(I)+(J)+(K)+(L) ##</b>	<b>(8.30)</b>	<b>6.06</b>	<b>(1.36)</b>	<b>(0.98)</b>	<b>4.86</b>	<b>4.12</b>
<b>Net Profit as restated (G) + (M)</b>	<b>19.36</b>	<b>97.15</b>	<b>209.45</b>	<b>410.47</b>	<b>511.73</b>	<b>136.44</b>
Profit/(Loss) brought forward from previous year	2.26	11.62	36.16	91.88	133.71	434.93
Adjustment on account of amalgamation **	-	-	-	-	2.21	(15.29)
<b>Profit/(loss) balance available for appropriation</b>	<b>21.62</b>	<b>108.77</b>	<b>245.61</b>	<b>502.35</b>	<b>647.65</b>	<b>556.08</b>
<b>Appropriations</b>						
Transfer to General Reserve	10.00	50.00	80.00	150.00	50.69	-
Proposed dividend	-	-	-	186.88	-	-
Proposed dividend tax	-	-	-	31.76	-	-
Interim dividend	-	19.83	63.02	-	138.49	-
Dividend tax	-	2.78	10.71	-	23.54	-
Provision for preference dividend	-	0.00*	-	-	-	-
Provision for preference dividend tax	-	0.00*	-	-	-	-
<b>Balance carried forward to Balance Sheet</b>	<b>11.62</b>	<b>36.16</b>	<b>91.88</b>	<b>133.71</b>	<b>434.93</b>	<b>556.08</b>

\* Provision for preference dividend and provision for preference dividend tax is Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

# Includes income tax of Rs. 0.76 million and deferred tax charge of Rs. 0.07 million.

## Figures in brackets represent decrease in profits.

\*\* Refer to points 4 f) and 5 a) of note. 4 of Annexure IV.

Note: To be read together with significant accounting policies (Annexure III) and Notes to summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated (Annexure IV).

The reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2004 is given in note no. 3 of Annexure IV.



# Unconsolidated summary statement of assets and liabilities, as restated

(Amounts in Rupees million)

Particulars	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>A Fixed assets</b>						
(i) Gross block	32.29	107.85	152.85	228.10	430.41	1,237.53
Less: Accumulated depreciation	2.21	7.23	15.49	31.97	60.75	126.02
Net block	30.08	100.62	137.36	196.13	369.66	1,111.51
Less : Revaluation reserve	-	-	-	-	73.08	72.50
Net block after adjustment for Revaluation reserve	30.08	100.62	137.36	196.13	296.58	1,039.01
(ii) Capital work in progress/ advances	25.05	0.38	50.98	216.05	544.69	29.41
<b>Net block</b>	<b>55.13</b>	<b>101.00</b>	<b>188.34</b>	<b>412.18</b>	<b>841.27</b>	<b>1,068.42</b>
<b>B Intangible assets (net of amortisation)</b>	<b>0.43</b>	<b>10.31</b>	<b>10.22</b>	<b>11.71</b>	<b>10.58</b>	<b>14.24</b>
<b>C Investments</b>	<b>0.36</b>	<b>1.84</b>	<b>146.51</b>	<b>155.85</b>	<b>100.88</b>	<b>65.21</b>
<b>D Current assets, loans and advances</b>						
(i) Inventories	44.31	100.86	238.60	328.96	793.15	1,475.41
(ii) Sundry debtors	119.69	332.13	891.60	2,176.62	3,743.95	5,779.78
(iii) Cash and bank balances	31.41	138.55	250.24	400.24	955.24	1,481.88
(iv) Loans and advances	11.94	52.67	56.40	118.15	192.46	653.38
(v) Other current assets	-	0.65	4.95	7.85	316.27	311.29
	<b>207.35</b>	<b>624.86</b>	<b>1,441.79</b>	<b>3,031.82</b>	<b>6,001.07</b>	<b>9,701.74</b>
<b>(A+B+C+D)</b>	<b>263.27</b>	<b>738.01</b>	<b>1,786.86</b>	<b>3,611.56</b>	<b>6,953.80</b>	<b>10,849.61</b>
<b>E Liabilities and provisions</b>						
(i) Secured loans	1.98	75.29	179.73	248.98	774.76	2,490.59
(ii) Unsecured loans	5.07	-*	-	-	91.91	145.95
(iii) Deferred tax liability – Net	0.66	2.74	4.57	6.91	5.30	4.53
(iv) Current liabilities and Provisions	223.44	391.04	1,092.27	2,343.64	4,565.99	5,561.29
(v) Share application Money	-	0.81	4.80	-	-	-
	<b>231.15</b>	<b>469.88</b>	<b>1,281.37</b>	<b>2,599.53</b>	<b>5,437.96</b>	<b>8,202.36</b>
<b>Net worth (A+B+C+D-E)</b>	<b>32.12</b>	<b>268.13</b>	<b>505.49</b>	<b>1,012.03</b>	<b>1,515.84</b>	<b>2,647.25</b>
<b>F Represented by</b>						
(i) Share Capital						
- Equity share capital	8.00	19.47	125.90	266.98	276.98	276.98
- Equity shares issued pursuant to the scheme of amalgamation ##	-	-	-	-	-	165.26
- Preference share capital	-	150.00	-	-	-	-
	<b>8.00</b>	<b>169.47</b>	<b>125.90</b>	<b>266.98</b>	<b>276.98</b>	<b>442.24</b>
(ii) Reserves and surplus						
- Securities premium	-	0.00*	145.21	318.84#	583.94	981.54
- Capital reserve	-	-	-	-	-	38.86
- Revaluation reserve	-	-	-	-	73.08	72.50
- General reserve	12.50	62.50	142.50	292.50	219.99	628.53
- Profit and Loss Account	11.62	36.16	91.88	133.71	434.93	556.08



Particulars	As at 31 March 2005 24.12	As at 31 March 2006 98.66	As at 31 March 2007 379.59	As at 31 March 2008 745.05	As at 31 March 2009 1,311.94	As at 31 October 2009 2,277.51
Less: Revaluation Reserve	-	-	-	-	73.08	72.50
Reserves and surplus (Net of Revaluation Reserves )	24.12	98.66	379.59	745.05	1,238.86	2,205.01
<b>Net worth</b>	<b>32.12</b>	<b>268.13</b>	<b>505.49</b>	<b>1,012.03</b>	<b>1,515.84</b>	<b>2,647.25</b>

\* Unsecured loans is Rs. 500 and securities premium is Rs. 2,700 and are shown as Nil due to rounding off.

# Refer point no. 3) f) of note 4 of Annexure IV for share issue expenses utilised against securities premium.

## Refer point 5a) of note 4 of Annexure IV

Note:

To be read together with Significant accounting policies (Annexure III) and Notes to summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated (Annexure IV).

The reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2004 is given in note no. 3 of Annexure IV

There are no revaluation reserves outstanding as at 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008 that would require adjustment to the financial information, as restated.

#### Unconsolidated statement of cash flows, as restated

(Amounts in Rupees million)

Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
<b>Cash Flow from Operating Activities</b>						
Profit/ (Loss) before tax	33.94	154.78	339.17	659.51	821.76	207.02
<b>Adjustments for:</b>						
Depreciation and amortization	1.63	7.45	12.31	22.98	31.80	35.74
Miscellaneous expenditure written off	-	-	-	-	-	0.53
Profit on sale of fixed assets	-	(0.72)	-	-	(0.06)	-
Loss on sale of fixed assets	-	-	0.11	0.16	0.10	0.28
Dividend income	-	(0.04)	(0.01)	(0.15)	(0.03)	(0.04)
Interest income	(0.85)	(2.37)	(10.11)	(21.53)	(50.94)	(76.98)
Financial expenses	7.22	16.50	35.13	44.31	130.78	318.49
Bad debts written off	4.01	1.31	5.55	30.11	67.08	18.80
Creditors balances written back	-	-	(0.57)	(0.01)	(2.65)	-
Provisions written back	-	-	-	-	-	(9.73)
Provision for estimated losses on contract in progress	-	-	-	-	-	28.15
Provision for bad and doubtful debts	-	1.57	-	-	-	14.58
Fixed assets written off	-	0.13	0.53	0.23	0.08	-
<b>Operating (loss)/ profit before changes in working capital</b>	<b>45.95</b>	<b>178.61</b>	<b>382.11</b>	<b>735.61</b>	<b>997.92</b>	<b>536.84</b>
<b>Adjustments for (Increase)/decrease in working capital</b>						
Sundry debtors	(29.42)	(215.32)	(565.01)	(1,315.13)	(1,634.42)	(412.71)
Loans and advances	(5.91)	(40.74)	(3.73)	(54.45)	(81.29)	(130.48)



Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
Inventories	(27.76)	(56.55)	(137.74)	(90.36)	(464.19)	(640.70)
Other current assets	-	-	-	-	(307.65)	76.37
Current liabilities and provisions	132.63	149.77	557.69	1,002.69	2,243.97	230.26
<b>Net changes in working capital</b>	<b>115.49</b>	<b>15.77</b>	<b>233.32</b>	<b>278.36</b>	<b>754.34</b>	<b>(340.42)</b>
Direct taxes paid	(5.15)	(36.33)	(55.22)	(138.64)	(266.25)	(325.53)
Direct taxes refund	-	-	-	-	1.64	0.65
Fringe benefit tax paid	-	(1.41)	(2.33)	(4.34)	(5.26)	(0.49)
<b>Cash generated from/ (used in) operations (A)</b>	<b>110.34</b>	<b>(21.97)</b>	<b>175.77</b>	<b>135.38</b>	<b>484.47</b>	<b>(665.79)</b>
<b>Cash flow from investing activities</b>						
Sale of fixed assets	-	14.50	0.69	0.15	0.38	0.40
Purchase of fixed and intangible assets	(45.91)	(77.12)	(100.89)	(248.87)	(419.45)	(231.70)
Share application money pending allotment	-	-	-	(8.79)	(5.58)	(5.91)
Purchase of investments	(0.25)	(1.48)	(144.67)	(7.76)	(63.44)	(14.01)
Dividend received	-	0.03	0.01	0.08	0.03	0.04
Interest received	0.85	1.73	5.80	18.63	50.16	56.05
<b>Net cash (used in) /generated from investing activities (B)</b>	<b>(45.31)</b>	<b>(62.34)</b>	<b>(239.06)</b>	<b>(246.56)</b>	<b>(437.90)</b>	<b>(195.13)</b>
<b>Cash flow from financing activities</b>						
Issue of equity share capital	-	11.47	5.17	13.88	10.00	90.27
Issue of preference share capital	-	150.00	-	-	-	-
Receipt of share application money pending allotment	-	0.81	4.00	-	-	-
Securities premium received on issue of equity share capital	-	0.00 *	96.47	319.32	230.00	-
Share issue expenses	-	-	-	(23.30)	-	-
Proceeds from borrowings	10.14	34.61	73.47	56.39	100.32	-
Repayment of long term borrowings	(48.99)	(29.95)	-	-	-	(17.97)
Increase in short term borrowings	-	68.46	31.17	12.86	425.46	1502.53
Proceeds from borrowings from directors	5.90	24.28	147.50	35.50	126.00	101.83
Repayment of borrowings from directors	(5.84)	(29.34)	(147.50)	(35.50)	(76.40)	(112.43)
Proceeds from borrowings from subsidiary	-	-	12.00	-	-	-
Repayment of borrowings from subsidiary	-	-	(12.00)	-	-	(2.48)



Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
Loan given to other company	-	-	-	-	-	(167.48)
Proceeds from borrowings from other company	-	-	-	-	91.69	62.29
Repayment of borrowings from other company	-	-	-	-	(51.69)	55.79
Preference dividend paid	-	-	(0.00)#	-	-	(0.02)
Interim dividend paid	-	(19.83)	-	(63.02)	(186.88)	(138.49)
Dividend taxes paid	-	(2.78)	(0.00)#	(10.71)	(31.76)	(23.54)
Financial expenses paid	(7.21)	(16.28)	(35.30)	(44.24)	(128.47)	(314.96)
<b>Net cash (used in)/ generated from financing activities (C)</b>	<b>(46.00)</b>	<b>191.45</b>	<b>174.98</b>	<b>261.18</b>	<b>508.27</b>	<b>1,035.34</b>
<b>Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>19.03</b>	<b>107.14</b>	<b>111.69</b>	<b>150.00</b>	<b>554.84</b>	<b>174.42</b>
Cash and cash equivalents at the beginning of the year	<b>12.38</b>	<b>31.41</b>	<b>138.55</b>	<b>250.24</b>	<b>400.24</b>	<b>955.24</b>
Cash and cash equivalents acquired on amalgamation	-	-	-	-	0.16	352.22
<b>Cash and cash equivalents at the end of the year</b>	<b>31.41</b>	<b>138.55</b>	<b>250.24</b>	<b>400.24</b>	<b>955.24</b>	<b>1481.88</b>
Cash and cash equivalents at the year end comprise:						
Cash in hand	0.23	0.51	0.62	0.60	1.10	2.70
Balances with scheduled banks:						
- On current accounts	11.68	17.94	26.29	13.08	11.25	15.63
- In other accounts	19.50	120.10	223.33	386.56	942.89	1463.55
	<b>31.41</b>	<b>138.55</b>	<b>250.24</b>	<b>400.24</b>	<b>955.24</b>	<b>1,481.88</b>

\* Securities premium is Rs. 2,700 and is shown as Nil due to rounding off.

# Preference dividend amounting to Rs. 4,452 and preference dividend tax amounting to Rs. 624 have been paid and are shown as Nil due to rounding off.

Note:

- To be read together with summary of significant accounting policies (Annexure III) and Notes to summary statement of restated profit and loss and restated assets and liabilities (Annexure IV).
- Figures have been regrouped to ensure consistency of presentation.



# **Consolidated summary statement of profit and loss, as restated**

<b>(Amounts in Rupees million)</b>					
<b>Particulars</b>	<b>Year ended 31 March 2006</b>	<b>Year ended 31 March 2007</b>	<b>Year ended 31 March 2008</b>	<b>Year ended 31 March 2009</b>	<b>Period ended 31 October 2009</b>
<b>Income</b>					
Sales					
- Of products manufactured	538.28	681.34	1,438.05	2,045.46	821.86
- Of products traded (project supplies)	387.34	1,382.01	2,893.00	3,899.45	2,480.29
Service income	103.13	236.22	523.08	599.70	257.45
Contract Revenue			192.39	1,448.45	1,473.58
Other income	3.73	13.53	43.79	119.74	95.10
Increase/ (decrease) in inventory	35.21	70.83	7.84	268.80	357.49
<b>Total (A)</b>	<b>1,067.69</b>	<b>2,383.93</b>	<b>5,098.15</b>	<b>8,381.60</b>	<b>5,485.77</b>
<b>Expenditure</b>					
Raw materials consumed- manufacturing	269.22	446.25	895.05	1,617.95	690.36
Raw materials consumed- supplied to fabricators / sites for fabrication	154.65	251.43	554.12	743.08	233.29
Purchases of traded products (project supplies)	232.96	893.91	1,872.07	2,452.16	2,070.54
Contract cost	-	-	147.28	1,117.64	912.30
Staff costs	55.92	117.14	237.86	409.19	364.96
Other cost of goods sold	86.25	101.76	233.31	403.28	300.87
Administration expenses	51.22	108.22	216.35	214.00	179.07
Selling and distribution expenses	39.66	85.45	208.35	338.70	190.68
Interest and bank charges	16.50	34.72	49.97	143.74	318.59
Depreciation and amortisation	7.49	13.78	25.70	33.65	36.37
<b>Total (B)</b>	<b>913.87</b>	<b>2,052.66</b>	<b>4,440.06</b>	<b>7,473.39</b>	<b>5,297.03</b>
<b>Profit/(loss) before tax and adjustments (C) =(A) – (B)</b>	<b>153.82</b>	<b>331.27</b>	<b>658.09</b>	<b>908.21</b>	<b>188.74</b>
Provision for tax					
- Current tax (D)	59.31	124.09	242.45	349.87	75.50
- Deferred tax charge/(release) (E)	1.69	2.16	2.47	(1.40)	(0.73)
- Fringe benefit tax (F)	1.73	2.23	4.49	6.04	0.09
<b>Profit/(loss) after tax and before adjustments (G) = (C) -(D) - (E) -(F)</b>	<b>91.09</b>	<b>202.79</b>	<b>408.68</b>	<b>553.70</b>	<b>113.88</b>
Adjustments (Refer point no. 1 of Annexure V) (H)	0.96	0.04	0.04	0.04	0.02
Current tax impact and prior period income tax impact of adjustments (Refer point no. 1 of Annexure V) (I)	5.50	(1.32)	(1.37)	2.08	4.30
Fringe benefit tax impact of adjustments (Refer Note 1 of Annexure V) (J)	-	(0.58)	0.32	0.17	0.09
Deferred tax impact of adjustments (charge)/ release(Refer point no. 1 of Annexure V) (K)	(0.40)	0.50	0.03	0.47	(0.29)
<b>Total of adjustments after tax impact ##(L) = (H)+(I)+(J)+(K)</b>	<b>6.06</b>	<b>(1.36)</b>	<b>(0.98)</b>	<b>2.76</b>	<b>4.12</b>
<b>Net Profit as restated (G) + (L)</b>	<b>97.15</b>	<b>201.43</b>	<b>407.70</b>	<b>556.46</b>	<b>118.00</b>
Share of loss/ (profit) of minorities	-*	0.10**	(2.11)^	(10.75)@	(0.03)@@
Profit/(Loss) brought forward from previous year	11.62	36.16	83.96	120.91	455.22
Adjustment on account of amalgamation	-	-	-	1.34	^(78.86)





Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
<b>Profit/(loss) balance available for appropriation</b>	<b>108.77</b>	<b>237.69</b>	<b>489.55</b>	<b>667.96</b>	<b>494.33</b>
<b>Appropriations</b>					
Transfer to General Reserve	50.00	80.00	150.00	50.69	-
Interim dividend	19.83	63.02	186.88	138.49	-
Dividend tax	2.78	10.71	31.76	23.54	-
Provision for preference dividend	***	-	-	0.02	-
Provision for preference dividend tax	***	-	-	#	-
<b>Balance carried forward to Balance Sheet</b>	<b>36.16</b>	<b>83.96</b>	<b>120.91</b>	<b>455.22</b>	<b>494.33</b>

\* Minority share of loss is Rs. 448 and is shown as Nil due to rounding off.

\*\* The losses applicable to minorities in the consolidated financial information have exceeded the minority interests. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

^^ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 2,899,026 has been adjusted against the majority interests.

@ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 958,848 has been adjusted against the majority interests.

@@ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 617,750 has been adjusted against the majority interests.

\*\*\* Provision for preference dividend and provision for preference dividend tax aggregating Rs. 4,452 and Rs. 624 respectively are shown as Nil due to rounding off.

# Provision for preference dividend tax aggregating Rs. 3,528 is shown as Nil due to rounding off.

^ Refer to point no. 5 a) of note 6 of Annexure V.

## Figures in bracket represents decrease in profit.

Note: To be read together with summary of significant accounting policies (Annexure IV) and Notes to consolidated summary statement of profit and loss, as restated, and consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries (Annexure V).

#### Consolidated summary statement of assets and liabilities, as restated

(Amounts in Rupees million)

Particulars	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>A Goodwill</b>	<b>0.11</b>	<b>18.00##</b>	<b>29.61##</b>	<b>32.04</b>	<b>11.85^^</b>
<b>Fixed assets</b>					
(i) Gross block	107.85	272.88	353.61	441.17	1,241.61
Less : Accumulated depreciation	7.23	17.54	36.70	63.73	127.54
Net block	100.62	255.34	316.91	377.44	1,114.07
Less : Revaluation reserve	-	-	-	73.08	72.50
Net block after adjustment for Revaluation reserve	100.62	255.34	316.91	304.36	1,041.57
(ii) Capital work in progress/ advances	0.38	51.48	217.08	547.77	33.96
<b>B Net block</b>	<b>101.00</b>	<b>306.82</b>	<b>533.99</b>	<b>852.13</b>	<b>1,075.53</b>



Particulars		As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>C</b>	<b>Intangible assets (Net of amortisation)</b>	<b>10.31</b>	<b>10.23</b>	<b>11.71</b>	<b>10.58</b>	<b>14.24</b>
<b>D</b>	<b>Investments</b>	<b>0.94</b>	<b>0.94</b>	<b>1.02</b>	<b>1.02</b>	<b>1.04</b>
<b>E</b>	<b>Current assets, loans and advances</b>					
	(i) Inventories	100.86	238.60	334.43	794.84	1,480.64
	(ii) Sundry debtors	332.13	891.60	2,252.35	4,187.28	5,780.09
	(iii) Cash and bank balances	139.47	286.09	455.65	1,007.20	1,488.05
	(iv) Loans and advances	52.67	53.60	233.47	272.45	633.70
	(v) Other current assets	0.65	4.97	94.48	316.76	311.42
		<b>625.78</b>	<b>1,474.86</b>	<b>3,370.38</b>	<b>6,578.53</b>	<b>9,693.90</b>
	<b>A+B+C+D+E</b>	<b>738.14</b>	<b>1,810.85</b>	<b>3,946.71</b>	<b>7,474.30</b>	<b>10,796.56</b>
<b>F</b>	<b>Minority Interest</b>	<b>0.11</b>	<b>-#</b>	<b>1.36@</b>	<b>59.23@@</b>	<b>1.89\$</b>
<b>G</b>	<b>Liabilities and provisions</b>					
	(i) Secured loans	75.29	180.20	271.37	790.88	2,490.59
	(ii) Unsecured loans	-*	-	-	91.91	145.95
	(iii) Current liabilities and provisions	391.06	1,091.88	2,635.90	4,791.19	5,568.09
	(iv) Deferred tax liability – net	2.74	4.40	6.84	4.96	4.53
	(v) Share application money	0.81	36.80	32.01	0.01	0.01
		<b>469.90</b>	<b>1,313.28</b>	<b>2,946.12</b>	<b>5,678.95</b>	<b>8,209.17</b>
	<b>Net worth (A+B+C+D+E-F-G)</b>	<b>268.13</b>	<b>497.57</b>	<b>999.23</b>	<b>1,736.12</b>	<b>2,585.50</b>
<b>H</b>	<b>Represented by</b>					
	(i) Share Capital					
	-Equity share capital	19.47	125.90	266.98	276.98	276.98
	-Equity shares issued pursuant to the scheme of amalgamation++	-	-	-	-	165.26
	-Preference share capital	150.00	-	-	199.99	-
		<b>169.47</b>	<b>125.90</b>	<b>266.98</b>	<b>476.97</b>	<b>442.24</b>
	(ii) Reserves and surplus					
	- Securities premium	-**	145.21	318.84^	583.94	981.54
	- Capital reserve					38.86
	- General reserve	62.50	142.50	292.50	219.99	628.53
	- Revaluation Reserve				73.08	72.50
	- Profit and loss account	36.16	83.96	120.91	455.22	494.33
		<b>98.66</b>	<b>371.67</b>	<b>732.25</b>	<b>1,332.23</b>	<b>2,215.76</b>
	Less: Revaluation Reserve	-	-	-	73.08	72.50
	Reserves (Net of Revaluation Reserves )	98.66	371.67	732.25	1,259.15	2,143.26
	<b>Net worth</b>	<b>268.13</b>	<b>497.57</b>	<b>999.23</b>	<b>1,736.12</b>	<b>2,585.50</b>

\* Unsecured loans are Rs.2,500 and are shown as Nil due to rounding off.

\*\* Securities premium is Rs. 2,700 and shown as Nil due to rounding off.

# The losses applicable to minorities in the consolidated financial information have exceeded the minority interests. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of



losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

- @ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 2,899,026 has been adjusted against the majority interests.
- @@ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 958,848 has been adjusted against the majority interests.
- \$ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 617,750 has been adjusted against the majority interests.
- ++ Refer point no. 5 a) of note 6 of Annexure V.
- ^ Refer point No. 3 e) of note 6 of Annexure V for share issue expenses utilised against securities premium.
- ^^ Refer note 4 of Annexure V.
- ## Pre acquisition revaluation reserves pertaining to Blossom Automotive Private Limited (subsidiary of the Company upto 31 March 2008) aggregating Rs. 76.09 million have been reduced from the goodwill for the purpose of calculating Goodwill and have not been shown under Reserves and Surplus for the year ended 31 March 2007 and 31 March 2008. With effect from 1 April 2008, Blossom Automotive Private Limited was amalgamated into the Company and accordingly, revaluation reserves have been shown separately under Reserves and Surplus and reduced for the purposes of calculating Net worth for the year ended 31 March 2009 and period ended 31 October 2009. (Also refer point no.4 b) of Note of Annexure V)

*Note: To be read together with summary of significant accounting policies (Annexure IV) and Notes to consolidated summary statement of profit and loss, as restated, and consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries (Annexure V).*

#### Consolidated statement of cash flows, as restated

Particulars	(Amounts in Rupees million)				
	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
<b>Cash flow from operating activities</b>					
Profit/ (Loss) before tax	154.78	331.31	658.13	908.25	188.76
<b>Adjustments for:</b>					
Depreciation and amortization	7.45	13.74	25.66	33.61	36.35
Miscellaneous expenditure written off	-	-	-	-	0.53
Profit on sale of fixed assets	(0.72)	-	-	(0.06)	-
Loss on sale of fixed assets	-	0.11	0.16	0.10	0.28
Dividend income	(0.04)	(0.01)	(0.15)	(0.03)	(0.04)
Interest income	(2.37)	(10.13)	(27.53)	(62.99)	(75.76)
Financial expenses	16.50	34.72	50.03	143.70	318.57
Bad debts written off	1.31	5.55	30.11	67.08	18.80
Creditor / provisions written back	-	(0.57)	(0.01)	(2.65)	(9.73)
Provision for estimated losses on contract in progress	-	-	-	-	28.15
Provision for bad and doubtful debts	1.57	-	-	-	14.58
Fixed assets written off	0.13	0.53	0.23	0.08	-
<b>Operating (loss)/ profit before changes in</b>	<b>178.61</b>	<b>375.25</b>	<b>736.63</b>	<b>1,087.09</b>	<b>520.49</b>



Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
<i>working capital</i>					
<b>Adjustments for (Increase)/decrease in working capital</b>					
Sundry Debtors	(215.32)	(565.01)	(1,390.86)	(2,002.01)	(420.41)
Loans and advances	(40.73)	4.17	(172.24)	0.41	(132.85)
Inventories	(56.55)	(137.74)	(95.84)	(460.41)	(645.93)
Other current assets	-	-	(85.73)	(221.92)	76.35
Current Liabilities and Provisions	149.76	556.29	1,283.10	2,163.31	242.53
<i>Net changes in working capital</i>	<b>15.77</b>	<b>232.96</b>	<b>275.06</b>	<b>566.47</b>	<b>(359.82)</b>
Direct taxes paid	(36.33)	(55.22)	(145.24)	(291.99)	(325.59)
Direct taxes refund	-	-	-	1.65	0.65
Fringe benefit tax paid	(1.41)	(2.38)	(4.65)	(5.77)	(0.49)
<b>Cash generated from/ (used in) operations (A)</b>	<b>(21.97)</b>	<b>175.36</b>	<b>125.17</b>	<b>270.36</b>	<b>(685.25)</b>
Sale of fixed assets	14.50	0.69	0.15	0.38	0.40
Purchase of business of subsidiaries (net of cash acquired)	-	(126.81)	(1.77)	-	-
Purchase of fixed and intangible assets	(77.12)	(103.66)	(254.28)	(425.21)	(233.48)
Purchase of investments	(0.58)	(0.01)	-	-	-
Dividend received	0.03	0.01	0.08	0.03	0.04
Interest received	1.73	5.81	20.89	57.17	54.78
<b>Net cash (used in) /generated from investing activities (B)</b>	<b>(61.44)</b>	<b>(223.97)</b>	<b>(234.93)</b>	<b>(367.63)</b>	<b>(178.26)</b>
<b>Cash flow from financing activities</b>					
Issue of equity share capital	11.50	5.17	14.34	10.01	90.27
Issue of preference share capital	150.00	-	-	199.99	-
Receipt of share application money pending allotment	0.81	24.00	0.01	-	-
Refund of share application money	(0.98)	(0.15)	-	-	-
Securities premium received on issue of equity share capital	0.00#	96.47	319.32	230.00	-
Proceeds from borrowings	34.61	73.47	78.31	100.32	1.16
Repayment of long-term borrowings	(29.95)	(0.01)	-	(0.57)	(17.97)
Increase in short term borrowings	68.46	31.17	12.86	425.46	1,502.53
Repayment of short-term borrowings	-	-	-	(5.70)	-
Loan from directors	24.28	147.50	35.50	126.00	101.83
Loan from directors repaid	(29.34)	(147.50)	(35.50)	(76.40)	(112.43)
Loan received from other company	-	-	-	91.69	62.29
Repayment of loans from other company	-	-	-	(51.69)	55.79
Loan given to other company	-	-	(42.92)	(164.40)	(167.48)
Loan repaid by other company	-	-	42.92	126.66	-
Interest received on loan given to other company	-	-	1.46	-	-
Preference dividend paid	-	(0.00)*	-	-	(0.02)



Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
Interim dividend paid	(19.83)	-	(63.02)	(186.88)	(138.49)
Dividend taxes paid	(2.78)	(0.00)*	(10.71)	(31.76)	(23.54)
Share issue expenses	-	-	(23.30)	-	-
Financial expenses paid	(16.28)	(34.89)	(49.95)	(143.91)	(313.71)
<b>Net cash (used in)/ generated from financing activities (C)</b>	<b>190.50</b>	<b>195.23</b>	<b>279.32</b>	<b>648.82</b>	<b>1,040.23</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>107.09</b>	<b>146.62</b>	<b>169.56</b>	<b>551.55</b>	<b>176.72</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>32.38</b>	<b>139.47</b>	<b>286.09</b>	<b>455.65</b>	<b>1007.20</b>
Cash and cash equivalents acquired on amalgamation	-	-	-	-	304.13
<b>Cash and cash equivalents at the end of the year</b>	<b>139.47</b>	<b>286.09</b>	<b>455.65</b>	<b>1,007.20</b>	<b>1,488.05</b>
<b>Cash and cash equivalents at the year end comprise:</b>					
Cash in hand	0.51	0.85	0.81	1.22	2.77
Balances with scheduled banks:					
- On current accounts	18.86	59.80	18.32	29.76	19.89
- In other accounts	120.10	225.44	436.52	976.22	1,465.39
	<b>139.47</b>	<b>286.09</b>	<b>455.65</b>	<b>1,007.20</b>	<b>1,488.05</b>

\* Provision for preference dividend and provision for preference dividend tax is Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

# Securities premium is Rs. 2,700 and is shown as Nil due to rounding off.



## THE OFFER

Offer	Up to 7,550,000 Equity Shares
<i>Of which</i>	
Fresh Issue	Up to 6,250,000 Equity Shares
Offer for Sale by Metmin Investments Holdings Limited	Up to 1,300,000 Equity Shares
Employee Reservation Portion	200,000 Equity Shares
<b>Therefore</b>	
<b>Net Offer to the Public</b>	7,350,000 Equity Shares
<i>Of which</i>	
QIB Portion*	At least 4,410,000 Equity Shares
<i>Of which</i>	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non-Institutional Portion	Not less than 735,000 Equity Shares
Retail Portion	Not less than 2,205,000 Equity Shares
Equity Shares outstanding prior to the Offer	44,223,791 Equity Shares
Equity Shares outstanding after the Offer	50,473,791 Equity Shares
Use of Net Proceeds	See “ <i>Objects of the Offer</i> ” on page 41

\* The Company and the Selling Shareholder in consultation with the BRLMs may allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price. For further details, see “**Offer Procedure**” on page 434.

### Notes

1. The Offer comprises of a Fresh Issue of up to 12.38% of our post Offer share capital and an Offer for Sale by the Selling Shareholder comprises of 2.58% of our post Offer share capital.
2. The Selling Shareholder, Metmin Investments Holdings Limited, is offering 1,300,000 Equity Shares, which have been held by it for a period of at least one year as on the date of filing of this Draft Red Herring Prospectus.
3. Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis.
4. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public. If at least 60% of the Net Offer cannot be allotted to QIBs, then the entire application money will be refunded. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.





## GENERAL INFORMATION

Our Company was incorporated on November 7, 1990, under the Companies Act as a private limited company under the name 'Tecpro Systems Private Limited'. Our Company was converted into a public limited company pursuant to a resolution passed by our shareholders on May 8, 2006, following which our name was changed to 'Tecpro Systems Limited', and a fresh certificate of incorporation was issued consequent to the conversion into a public limited company, on July 10, 2006.

### Registered, Corporate and Head Office of our Company

#### *Registered Office:*

106, Vishwadeep Tower, Plot No. 4  
District Centre, Janak Puri  
New Delhi 110 058, India  
Tel: (+91 11) 4503 8735  
Fax: (+91 11) 4503 8734

#### *Corporate Office:*

202-204, Pacific Square  
Sector-15, Part-II  
Gurgaon 122 001, Haryana, India  
Tel: (+91 124) 4343 100  
Fax: (+91 124) 4343 243

#### *Head Office:*

"Tecpro Towers" Plot No. 11-A17  
5<sup>th</sup> Cross Road, SIPCOT IT Park  
Siruseri 603 103, Chennai, India  
Tel: (+91 44) 3747 4747  
Fax: (+91 44) 3744 3011

Details	Registration/Identification number
Registration Number	55-41985
Corporate Identity Number	U74899DL1990PLC041985

For details in changes in our Registered Office, see "*History and Certain Corporate Matters*" on page 95.

### Address of the Registrar of Companies

Our Company is registered at the office of:

The Registrar of Companies  
National Capital Territory of Delhi and Haryana  
4<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi 110 019, India  
Tel: (+91 11) 2623 5704  
Fax: (+91 11) 2623 5702

### Board of Directors

The following table sets out the current details regarding our Board as on the date of the filing of this Draft Red Herring Prospectus:

Name and Designation	Age (years)	Address	DIN
Mr. Ajay Kumar Bishnoi	52	Flat No. 5, Door no. 48, (New no. 58), Third Main Road, Kasturbha Nagar,	00013917



Name and Designation	Age (years)	Address	DIN
<b>Designation:</b> Chairman & Managing Director		Adyar, Chennai 600 020, India	
Mr. Amul Gabrani	50	FB-26, Tagore Garden, New Delhi 110 027, India	00016556
<b>Designation:</b> Vice- Chairman & Managing Director			
Dr. Goldie Gabrani	47	FB-26, Tagore Garden, New Delhi 110 027, India	01343108
<b>Designation:</b> Whole-time Director			
Mr. Arvind Kumar Bishnoi	25	Flat No. 5, Door no. 48, (New no. 58), Third Main Road, Kasturbha Nagar, Adyar, Chennai 600 020, India	00013795
<b>Designation:</b> Whole-time Director			
Mr. Amar Banerjee	63	Flat No. 6, Royal Homes; Balaji Park, Aundh, Pune 411 007, Maharashtra, India	00475983
<b>Designation:</b> Whole-time Director			
Mr. Achal Ghai	46	Villa No 6, Cluster 40, Jumeirah Islands P.O. Box no 18264, Dubai, UAE	00312672
<b>Designation:</b> Non-executive Director			
Mr. Suresh Kumar Goenka	53	P-119 C.I.T. Road, Scheme VI M Fulbagan, Kolkata 700 054, West Bengal, India	00392433
<b>Designation:</b> Independent Director			
Mr. Brij Bhushan Kathuria	54	6704 DLF Phase- IV, Gurgaon 122 002, Haryana, India	00593149
<b>Designation:</b> Independent Director			
Mr. Satvinder Jeet Singh Sodhi	57	A-4, MCD Officers Flats, Soami Nagar, New Delhi 110 017, India	00259061
<b>Designation:</b> Independent Director			
Mr. Anunay Kumar	64	602, Jindal Enclave, New Prabhadevi Road, Prabhadevi, Mumbai 400 025, Maharashtra, India	01647407
<b>Designation:</b> Independent Director			
Mr. Sakti Kumar Banerjee	65	A-4/6, Panchasayar, Flat No.- 6, Baitalik Co-op Housing Society, Kolkata 700 094, West Bengal, India	00631772
<b>Designation:</b> Independent Director			
Mr. Subrata Kumar Mitra	62	1201, Phoenix Tower, B Wing, Senapati Bapat Marg, Lower Parel, Mumabi 400 013, Maharashtra, India	00029961
<b>Designation:</b> Independent Director			

For further information, see “*Our Management*” on page 114.

#### Company Secretary and Compliance Officer

**Mr. Pankaj Tandon**

202-204, Pacific Square

Sector-15, Part-II

Gurgaon 122 001, Haryana, India

Tel: (+91 124) 4343 257

Fax: (+91 124) 4343 243

Email: investors@tecprosystems.com



Investors can contact the Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of allotment and credit of allotted Equity Shares in the respective beneficiary account or refund orders.

### **Selling Shareholder**

<b>Name</b>	<b>Details</b>
Metmin Investments Holdings Limited	Metmin Investments Holdings Limited is a company established in Mauritius under the Companies Act, 2001 of Mauritius having its registered office at 6 <sup>th</sup> Floor, Tower A, 1 Cyber City, Ebene Mauritius

### **Book Running Lead Managers**

#### ***SBI Capital Markets Limited***

202, Maker Tower 'E', Cuffe Parade  
Mumbai 400 005, India  
Tel: (+91 22) 2217 8300  
Fax: (+91 22) 2218 8332  
E-mail: tecpro.ipo@sbicaps.com  
Investor Grievance E-mail: investor.relations@sbicaps.com  
Website: www.sbicaps.com  
Contact Person: Mr. Sandeep Onkar  
SEBI Registration No.: INM000003531

#### ***Kotak Mahindra Capital Company Limited***

1<sup>st</sup> Floor, Bakhtawar, 229, Nariman Point  
Mumbai 400 021, India  
Tel: (+91 22) 6634 1100  
Fax: (+91 22) 2284 0492  
E-mail: tecpro.ipo@kotak.com  
Investor Grievance E-mail: kmccredressal@kotak.com  
Website: www.kmcc.co.in  
Contact Person: Mr. Chandrakant Bhole  
SEBI Registration No.: INM000008704

### **Syndicate Member(s)**

[•]

### **Legal counsel to the Offer**

#### ***Amarchand & Mangaldas & Suresh A. Shroff & Co.***

Amarchand Towers  
216, Okhla Industrial Estate, Phase-III  
New Delhi 110 020, India  
Tel.: (+91 11) 2692 0500  
Fax: (+91 11) 2692 4900

### **Registrar to the Offer**

#### ***Link Intime India Private Limited***

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West)  
Mumbai 400 078, India  
Tel: (+91 22) 2596 0320  
Fax: (+91 22) 2596 0329  
Email: tecpro.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Mr. Sachin Achar  
SEBI Registration No: INR000004058

### **Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount ("ASBA") Process are provided on [www.sebi.gov.in/pmd/scsb.pdf](http://www.sebi.gov.in/pmd/scsb.pdf). For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer to the above mentioned SEBI link.

### **Bankers to the Company**

#### ***State Bank of India***

Leather & International Branch  
MVJ Towers, 177/1, Poonamallee High Road, Kilpauk

#### ***Standard Chartered Bank***

270, D.N. Road  
Fort, Mumbai 400 001, India



Chennai 600 010, India  
Tel: (+91 44) 2828 7903  
Fax: (+91 44) 2836 0456  
Email: dgm.07024@sbi.co.in  
Website: www.statebankofindia.com

***Punjab National Bank***

Large Corporate Branch  
JMD Pacific Square, Sector 15, Part II  
Gurgaon 122 001, India  
Tel: (+91 124) 222 2810  
Fax: (+91 124) 222 1583  
Email: bo4615@pnbi.co.in  
Website: www.pnbindia.com

***IDBI Bank***

115, Anna Salai, P.B.No. 805  
Saidapet, Chennai 600 015, India  
Tel: (+91 44) 2220 2000  
Fax: (+91 44) 2235 5226  
Email: km\_selvan@idbi.com  
Website: www.idbi.com

***DBS Bank Limited***

806, Anna Salai  
Chennai 600 002, India  
Tel: (+91 44) 6656 8814  
Fax: (+91 44) 6656 8899  
Email: karthikkannan@dbs.com  
Website: www.dbs.com

**Bankers to the Offer**

[•]

**Refund Banks**

[•]

**Auditors**

***B S R & Co., Chartered Accountants***

Building No. 10  
8<sup>th</sup> Floor, Tower B  
DLF Cyber City, Phase II  
Gurgaon 122 002, Haryana, India  
Tel: (+91 124) 3074 202  
Fax: (+91 124) 3074 300  
Email: vadvani@kpmg.com  
Contact Person: Mr. Vikram Advani  
Firm registration number: 101248W

**Tax advisors to the Company**

***R.G. Luthra & Co.***

Plot No.3  
4/8 Marla, Model Town  
Gurgaon 122 001, Haryana India  
Contact Person: Mr. Himanshu Kumar  
Firm registration number: 006080N

Tel: (+91 22) 2268 3955  
Fax: (+91 22) 2209 2216  
Email: joseph.george@sc.com  
Website: www.standardchartered.co.in

***Central Bank of India***

Industrial Finance Branch, No. 48/49  
Montieth Road, Chennai 600 008, India  
Tel: (+91 44) 2346 4232  
Fax: (+91 44) 2346 4229  
Email: agmchen3026@centralbank.co.in  
Website: www.centralbankofindia.co.in

***Yes Bank Limited***

D-12, South Extension  
Part-II, New Delhi, India  
Tel: (+91 11) 4602 9000  
Fax: (+91 11) 2625 4000  
Email: abhijit.maitra@yesbank.in  
Website: www.yesbank.in



## IPO Grading Agency

[●]

## IPO Grading

This Offer has been graded by [●] and has been assigned a grade of [●]/5 indicating [●] fundamentals. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. For details in relation to the rationale furnished by [●], see “*Annexure I*” to be included in the Red Herring Prospectus. Attention is drawn to the disclaimer appearing on page [●].

## Credit Rating

As the Offer is of Equity Shares, credit rating is not required.

## Trustees

As the Offer is of equity shares, the appointment of trustees is not required.

## Experts

Except for the report of [●] in respect of the IPO Grading of this Offer (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 the audit reports of the Auditors of our Company on the restated financial information, More & More, Chartered Accountants, the auditors of TAL on the restated financial information of TAL and for ‘The Statement of Tax Benefits’ of R.G. Luthra & Co., the tax advisors to our Company, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

## Statement of responsibilities as Lead Managers to the Offer

Sr. No.	Activity	Responsibility	Co-ordination
1.	Capital Structuring with relative components and formalities such as composition of debt equity, type of instruments, etc.	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	SBI Capital Markets Limited
2.	Drafting and design of the offer document and of statutory advertisement including memorandum containing salient features of the offer document. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of offer document and filing with SEBI, Registrar of Companies and Stock Exchanges.	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	SBI Capital Markets Limited
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in point no. 2 above including corporate advertisement, brochure, corporate films etc.	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	Kotak Mahindra Capital Company Limited
4.	Appointment of printers and advertising agency	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	SBI Capital Markets Limited
5.	Appointment of Registrar and Bankers to the Offer	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	Kotak Mahindra Capital Company Limited
6.	International Institutional Marketing strategy <ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings, in consultation with the Company, and</li> <li>Finalizing the International road show schedule and investor meeting schedules <ul style="list-style-type: none"> <li>Asia</li> <li>Europe</li> <li>Rest of the world</li> </ul> </li> </ul>	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	Kotak Mahindra Capital Company Limited



Sr. No.	Activity	Responsibility	Co-ordination
	<ul style="list-style-type: none"> <li>Preparation of road show presentation</li> </ul>		
7.	Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company, and</li> <li>Finalizing investor meeting schedules</li> </ul>	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	SBI Capital Markets Limited
8.	Non-Institutional and Retail marketing of the Offer, which will cover, among other things, formulating marketing strategies, preparation of list of frequently asked questions along with their responses, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres for holding conferences of stock brokers, investors, etc., (iii) collection centres, (iv) brokers to the Offer, and (v) underwriters and underwriting arrangement, distribution of publicity and offer material including application form, prospectus and brochure and deciding upon the quantum of offer material.	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	SBI Capital Markets Limited
9.	Co-ordination with Stock Exchanges for Book Building Software, bidding terminals and mock trading.	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	Kotak Mahindra Capital Company Limited
10.	Finalisation of Offer Price, in consultation with the Company	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	SBI Capital Markets Limited
11.	The post Offer activities which shall involve management of escrow account, essential follow-up steps including follow-up with Bankers to the Offer and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, despatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, Self Certified Syndicate Banks, etc. The BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge the responsibilities through suitable agreements with the Company.	SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited	Kotak Mahindra Capital Company Limited

### Book Building Process

Book Building Process refers to the process of collection of Bids, on the basis of the Red Herring Prospectus within the Price Band. The Offer Price is fixed after the Bid/Offer Closing Date.

The principal parties involved in the Book Building Process are:

- (1) Our Company;
- (2) The Selling Shareholder;
- (3) The Book Running Lead Managers;
- (4) Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the BSE / the NSE and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLMs;
- (5) The Registrar to the Offer;
- (6) The Bankers to the Offer; and
- (7) The SCSBs.

This is an offer of less than 25% of the post-Offer paid-up equity share capital of our Company and is being made pursuant to Rule 19(2)(b) of the SCRR read with Regulation 41(1)(a) of the SEBI ICDR Regulations, through the 100% Book Building Process wherein at least 60% of the Net Offer shall be allocated to QIBs on a proportionate basis provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Offer Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application





money will be refunded forthwith. Further, not less than 10% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further, 200,000 Equity Shares shall be made available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received at or above the Offer Price. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public.

Our Company and the Selling Shareholder shall comply with regulations issued by SEBI for this Offer. In this regard, our Company and the Selling Shareholder have appointed SBI Capital Markets Limited and Kotak Mahindra Capital Company Limited as the BRLMs to manage the Offer and to procure subscription to the Offer.

QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Offer Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see “*Terms of the Offer*” on page 431.

**The Book Building Process under the SEBI 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 an Application in the Offer.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer)*

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

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

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

#### Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details see “*Offer Procedure – Who Can Bid*”) on page 435.
2. Ensure that you have a demat account and the demat account details, the DP ID, Beneficiary Account and PAN details are correctly mentioned in the Bid cum Application Form and the ASBA Bid cum Application Form.
3. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form and the ASBA Bid cum Application Form (see “*Offer Procedure – ‘PAN’ or ‘GIR’ Number*” on page 449).
4. Ensure that the Bid cum Application Form and the ASBA Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application



Form and the ASBA Bid cum Application Form.

5. Ensure the correctness of your demographic details (as defined in the “**Offer Procedure**” on page 434) given in the Bid cum Application Form and the ASBA Bid cum Application Form, with the details recorded with your Depository Participant.
6. Bids by QIBs will have to be submitted to the BRLMs.
7. Bids by ASBA Bidders will have to be submitted to the designated branches of the SCSBs. ASBA Bidders should ensure that ASBA accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

#### **Withdrawal of the Offer**

The Company and/or the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Offer anytime after the Bid/Offer Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers, in which the pre-Offer advertisements were published, within two days, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

#### **Bid/Offer Period\***

<b>BID/OFFER OPENS ON</b>	[●]
<b>BID/OFFER CLOSES ON</b>	[●]

*\* The Anchor Investor Bidding Date shall be one working day prior to the Bid/Offer Opening Date.*

The Company is considering participation by Anchor Investors in terms of the SEBI ICDR Regulations. Anchor Investors shall submit their Bid one working day prior to the Bid/Offer Opening Date.

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 Bid/Offer Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form, or in case of Bids submitted through ASBA, the Designated Branches, except that on the Bid/Offer Closing Date, Bids shall be accepted only during 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, and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders and Eligible Employees, where the Bid Amount is up to Rs. 1,00,000 which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges within half an hour of such closure. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Offer. If such Bids are not uploaded, the Company, the Selling Shareholder, BRLMs and the Syndicate Member(s) shall not be responsible. Bids will be accepted only on Business Days, *i.e.* Monday to Friday (excluding any public holiday).

Our Company and the Selling Shareholder reserve the right to revise the Price Band during the Bid/Offer Period in accordance with SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move upward or downward to the extent of 20% of the floor price as disclosed at least two working days prior to the Bid/Offer Opening Date and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Offer Period will be extended for three additional Business Days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 working days. Any**



revision in the Price Band and the revised Bid/Offer 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 members of the Syndicate.

### Underwriting Agreement

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

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

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)*

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
[•]	[•]	[•]
<b>Total</b>	[•]	[•]

The abovementioned is indicative underwriting and this would be finalised after the actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [•] has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount, except in cases where the allocation to QIBs is less than 60% of the Net Offer, in which case the entire subscription monies will be refunded.



## CAPITAL STRUCTURE

Our share capital as on the date of this Draft Red Herring Prospectus is set forth below:

(Rs.)

	Aggregate value at face value	Aggregate value at Offer Price
<b>A) Authorised Share Capital</b>		
127,900,000 Equity Shares of Rs. 10 each	1,279,000,000	-
<b>B) Issued, subscribed and paid up share capital</b>		
44,223,791 Equity Shares of Rs. 10 each	442,237,910	-
<b>C) The Offer *</b>		
7,550,000 Equity Shares of Rs. 10 each	75,500,000	[●]
<b>Comprising</b>		
Fresh Issue of 6,250,000 Equity Shares of Rs. 10 each	62,500,000	[●]
Offer for Sale of 1,300,000 Equity Shares of Rs. 10 each	13,000,000	[●]
<b>D) Employee Reservation Portion</b>		
200,000 Equity Shares of Rs. 10 each	2,000,000	[●]
<b>E) Net Offer</b>		
7,350,000 Equity Shares of Rs. 10 each	73,500,000	[●]
<i>Of which</i>		
QIB Portion of at least 4,410,000 Equity Shares	44,100,000	[●]
Non Institutional Portion of not less than 735,000 Equity Shares	7,350,000	[●]
Retail Portion of not less than 2,205,000 Equity Shares	22,050,000	[●]
<b>F) Equity Capital after the Offer</b>		
50,473,791 Equity Shares of Rs. 10 each	504,737,910	
<b>G) Share Premium Account</b>		
Before the Offer	981,535,768	
After the Offer		[●]

\* The Offer has been authorized by our Board at its meeting held on February 23, 2010 and our shareholders at their meeting held on March 25, 2010.

For details in change of the authorized capital of our Company, see “*History and Certain Corporate Matters*” on page 95.

### Offer for Sale by the Selling Shareholder

The Offer comprises an offer for sale of 1,300,000 Equity Shares by Metmin Investments Holdings Limited.

The Equity Shares constituting the Offer for Sale have been held by the Selling Shareholder for a period of more than one year prior to the filing of the Draft Red Herring Prospectus with SEBI.

### Notes to Capital Structure

#### 1. Share Capital History of our Company

(a) The following is the history of Equity Share capital of our Company:



Date of issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Nature of allotment	Cumulative Equity Share Capital (Rs.)
November 7, 1990	200	10	10	Cash	Subscription to the Memorandum of Association <sup>(1)</sup>	2,000
November 7, 1990	850	10	10	Cash	Preferential allotment <sup>(2)</sup>	10,500
February 26, 2002	99,500	10	10	Cash	Preferential allotment <sup>(3)</sup>	1,005,500
April 5, 2002	100,500	10	10	Cash	Preferential allotment <sup>(4)</sup>	2,010,500
February 20, 2004	459,000	10	10	Cash	Preferential allotment <sup>(5)</sup>	6,600,500
February 20, 2004	140,000	10	N/A	Other than cash	Allotment in consideration of acquisition of assets and liabilities of Tecpro Systems, a proprietorship concern of Mr. Amul Gabrani <sup>(6)</sup>	8,000,500
May 31, 2005	510,000	10	10	Cash	Preferential allotment <sup>(7)</sup>	13,100,500
September 28, 2005	589,950	10	10	Cash	Preferential allotment <sup>(8)</sup>	19,000,000
October 18, 2005	10	10	100	Cash	Preferential allotment <sup>(9)</sup>	19,000,100
January 11, 2006	20	10	100	Cash	Preferential allotment <sup>(10)</sup>	19,000,300
March 13, 2006	46,720	10	10	Cash	Preferential allotment <sup>(11)</sup>	19,467,500
June 21, 2006	84,500	10	10	Cash	Preferential allotment <sup>(12)</sup>	20,312,500
July 6, 2006	16,000	10	50	Cash	Preferential allotment <sup>(13)</sup>	20,472,500
July 17, 2006	387,500	10	387.09	Cash	Conversion of 0.01% cumulative convertible preference shares into Equity Shares <sup>(14)</sup>	24,347,500
July 26, 2006	9,739,000	10	N/A	N/A	Bonus issue in the ratio 4:1	121,737,500
February 7, 2007	416,670	10	240	Cash	Preferential allotment <sup>(15)</sup>	125,904,200
June 4, 2007	108,330	10	240	Cash	Preferential allotment <sup>(16)</sup>	126,987,500
June 21, 2007	12,698,750	10	N/A	N/A	Bonus issue in the ratio 1:1	253,975,000
December 12, 2007	1,000,000	10	240	Cash	Preferential allotment <sup>(17)</sup>	263,975,000
December 28, 2007	300,000	10	240	Cash	Preferential allotment <sup>(18)</sup>	266,975,000
January 28, 2009	1,000,000	10	240	Cash	Preferential allotment <sup>(19)</sup>	276,975,000
March 31, 2010	16,526,291	10	N/A	Other than cash	Allotment pursuant to the scheme of amalgamation of Tecpro Ashtech Limited, Tecpro Power Systems Limited and our Company <sup>(20)</sup>	442,237,910

(1) Subscription by Mr. Amul Gabrani and Mrs. Manju Sapra.

(2) Preferential allotment of 850 Equity Shares to Mr. Amul Gabrani.

(3) Preferential allotment of 99,500 Equity Shares to Mr. Amul Gabrani.

(4) Preferential allotment of 100,500 Equity Shares to Mr. Ajay Kumar Bishnoi.

(5) Preferential allotment of 179,500 Equity Shares to Mr. Ajay Kumar Bishnoi and 279,500 Equity Shares to Mr. Amul Gabrani.

(6) Allotment of 140,000 Equity Shares to Mr. Amul Gabrani pursuant to Takeover/Merger Agreement dated April 1, 2003 for acquisition of assets and liabilities of Tecpro Systems, a proprietorship concern of Mr. Amul Gabrani. For details, see "History and Certain Corporate Matters – Takeover/Merger Agreement" on page 95.

(7) Preferential allotment of 201,500 Equity Shares to Mr. Ajay Kumar Bishnoi and 308,500 Equity Shares to Mr. Amul Gabrani.

(8) Preferential allotment of 241,450 Equity Shares to Mr. Amul Gabrani, 303,500 Equity Shares to Mr. Ajay Kumar Bishnoi and 45,000 Equity Shares to Mr. Arvind Kumar Bishnoi.

(9) Preferential allotment of 10 Equity Shares to Avigo Venture Investments Limited.

(10) Preferential allotment of 20 Equity Shares to Metmin Investments Holdings Limited.

(11) Preferential allotment of 46,720 Equity Shares to Mr. Achal Ghai.

(12) Preferential allotment of 83,500 Equity Shares to Mr. Achal Ghai and 1,000 Equity Shares to Avigo Capital Partners Employees Welfare Trust.



- (13) Preferential allotment of 16,000 Equity Shares to 26 persons.
- (14) Allotment of 387,500 Equity Shares to Metmin Investments Holdings Limited pursuant to conversion of 1,499,970 0.01% cumulative convertible preference shares.
- (15) Preferential allotment of 416,670 Equity Shares to Avigo Trustee Company Private Limited A/c The Avigo SME Fund.
- (16) Preferential allotment of 108,330 Equity Shares to 55 persons. This allotment is in compliance with section 67(3) of the Companies Act since at no point in time, the Company made an offer to more than 49 persons to subscribe to its Equity Shares.
- (17) Preferential allotment of 1,000,000 Equity Shares to Credit Suisse PE Asia Investments (Mauritius) Limited.
- (18) Preferential allotment of 300,000 Equity Shares to Kotak Mahindra Capital Company Limited.
- (19) Preferential allotment of 900,000 Equity Shares to Avigo Venture Investments Limited and 100,000 Equity Shares to Avigo Trustee Company Private Limited A/c The Avigo SME Fund.
- (20) Allotment of 16,526,291 Equity Shares pursuant to the scheme of amalgamation of Tecpro Ashtech Limited, Tecpro Power Systems Limited and our Company. For details, see “**History and Certain Corporate Matters – Schemes of Amalgamation**” on page 95.

(b) The following is the history of preference share capital of our Company:

Date of issue/ allotment	No. of Preference Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Nature of allotment	Cumulative Preference Share Capital (Rs.)
October 18, 2005	499,990	100	100	Cash	Preferential allotment <sup>(1)</sup>	49,999,000
January 11, 2006	999,980	100	100	Cash	Preferential allotment <sup>(2)</sup>	149,997,000

(1) Allotment of 499,990 0.01% cumulative convertible preference shares to Avigo Venture Investments Limited.

(2) Allotment of 999,980 0.01% cumulative convertible preference shares to Metmin Investments Holdings Limited.

On May 17, 2006, Avigo Venture Investments Limited transferred its entire preference shareholding to Metmin Investments Holdings Limited.

387,500 Equity Shares were allotted to Metmin Investments Holdings Limited on July 17, 2006 pursuant to conversion of 1,499,970 0.01% cumulative convertible preference shares. Currently, there are no outstanding Preference Shares.

(c) The following are the details of Equity Shares issued other than for cash:

Date of issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Reasons for allotment	Equity Share Capital (Rs.)
February 20, 2004	140,000	10	N/A	Other than cash	Allotment pursuant to the Takeover/Merger Agreement dated April 1, 2003 (‘ <b>Takeover/Merger Agreement</b> ’) for acquisition of assets and liabilities of Tecpro Systems, a proprietorship concern of Mr. Amul Gabrani. For further details, see “ <b>History and Certain Corporate Matters</b> ” on page 95	1,400,000
March 31, 2010	16,526,291	10	N/A	Other than cash	Allotment pursuant to the scheme of amalgamation of Tecpro Ashtech Limited, Tecpro Power Systems Limited and our Company under sections 391 – 394 of the Companies Act. For further details, see “ <b>History and Certain Corporate Matters</b> ” on page 95	165,262,910



## 2. Issue of Equity Shares in the last one year

Pursuant to the scheme of amalgamation of Tecpro Ashtech Limited, Tecpro Power Systems Limited and our Company, 16,526,291 Equity Shares of our Company were issued to the shareholders of Tecpro Ashtech Limited and Tecpro Power Systems Limited on March 31, 2010. For further details, please see “*History and Certain Corporate Matters – Schemes of Amalgamation*” on page 95.

## 3. Build-up of Promoters’ shareholding, Promoters’ contribution and lock-in

Pursuant to the SEBI ICDR Regulations, an aggregate of 20% of the post-Offer Equity share Capital of our Company shall be locked in by our Promoters for a period of three years from the date of Allotment.

### (a) Build-up of our Promoters’ shareholding in our Company

Name of Promoter	Date of allotment/transfer	Consideration (Cash other than Cash etc.)	Nature of allotment / acquisition	No. of Equity Shares	Face Value (Rs.)	Consideration per Equity Share
Mr. Amul Gabrani	November 7, 1990	Cash	Subscription to the Memorandum of Association	100	10	10
	November 7, 1990	Cash	Preferential allotment	850	10	10
	February 26, 2002	Cash	Preferential allotment	99,500	10	10
	February 20, 2004	Cash	Preferential allotment	279,500	10	10
	February 20, 2004	Other than Cash	Allotment in consideration of acquisition of assets and liabilities of Tecpro Systems, a proprietorship concern of Mr. Amul Gabrani	140,000	10	N/A
	March 31, 2005	Cash	Acquisition <sup>(1)</sup>	50	10	10
	March 31, 2005	Cash	Transfer of shares <sup>(2)</sup>	(120,000)	10	10
	May 31, 2005	Cash	Preferential allotment	308,500	10	10
	September 28, 2005	Cash	Preferential allotment	241,450	10	10
	May 6, 2006	Cash	Transfer of shares <sup>(3)</sup>	(500)	10	10
	July 17, 2006	Cash	Acquisition <sup>(4)</sup>	500	10	10
	July 26, 2006	N/A	Bonus issue in the ratio 4:1	3,799,800	10	N/A
	July 26, 2006	Cash	Transfer of shares <sup>(5)</sup>	(250,000)	10	200
	June 21, 2007	N/A	Bonus issue in the ratio 1:1	4,499,750	10	N/A
	June 23, 2007	N/A	Gift <sup>(6)</sup>	(150,000)	10	N/A
	August 18, 2009	Cash	Transfer of shares <sup>(7)</sup>	(825,000)	10	240
	March 31, 2010	Other than cash	Allotment pursuant to the scheme of amalgamation of Tecpro Ashtech Limited, Tecpro Power Systems Limited and our Company	1,294,842	10	N/A
<b>Total (A)</b>				<b>9,319,342</b>		
Mr. Ajay Kumar Bishnoi	April 5, 2002	Cash	Preferential allotment	100,500	10	10
	February 20, 2004	Cash	Preferential allotment	179,500	10	10
	March 31, 2005	Cash	Acquisition <sup>(8)</sup>	120,000	10	10
	May 31, 2005	Cash	Preferential	201,500	10	10





Name of Promoter	Date of allotment/transfer	Consideration (Cash other than Cash etc.)	Nature of allotment / acquisition	No. of Equity Shares	Face Value (Rs.)	Consideration per Equity Share
	September 28, 2005	Cash	allotment Preferential allotment	303,500	10	10
	May 6, 2006	Cash	Transfer of shares <sup>(9)</sup>	(500)	10	10
	July 17, 2006	Cash	Acquisition <sup>(10)</sup>	500	10	10
	July 26, 2006	N/A	Bonus issue in the ratio 4:1	3,620,000	10	N/A
	July 26, 2006	Cash	Transfer of shares <sup>(11)</sup>	(250,000)	10	200
	June 21, 2007	N/A	Bonus issue in the ratio 1:1	4,275,000	10	N/A
	August 18, 2009	Cash	Transfer of shares <sup>(12)</sup>	(825,000)	10	240
	March 31, 2010	Other than cash	Allotment pursuant to the scheme of amalgamation of Tecpro Ashtech Limited, Tecpro Power Systems Limited and our Company	1,294,842	10	N/A
<b>Total (B)</b>				<b>9,019,842</b>		
<b>Total (A+ B)</b>				<b>18,339,184</b>		

- (1) Acquisition of 50 Equity Shares from Ms. Bhagwanti Gabrani.
- (2) Transfer of 120,000 Equity Shares to Mr. Ajay Kumar Bishnoi.
- (3) Transfer of 500 Equity Shares to Dr. Goldie Gabrani.
- (4) Acquisition of 500 Equity Shares from Dr. Goldie Gabrani.
- (5) Transfer of 250,000 Equity Shares to Avigo Trustee Company Private Limited A/c The Avigo SME Fund.
- (6) Gift of 100,000 Equity Shares to Dr. Goldie Gabrani and 50,000 Equity Shares to Mr. Aditya Gabrani.
- (7) Transfer of 825,000 Equity Shares to Bond Street Custodians Limited in its capacity as custodians for Macquarie Asia Pacific Co-Investment Fund LP.
- (8) Acquisition of 120,000 shares from Mr. Amul Gabrani.
- (9) Transfer of 500 Equity Shares to Ms. Amita Bishnoi.
- (10) Acquisition of 500 Equity Shares from Ms. Amita Bishnoi.
- (11) Transfer of 250,000 Equity Shares to Avigo Trustee Company Private Limited A/c The Avigo SME Fund.
- (12) Transfer of 825,000 Equity Shares to Bond Street Custodians Limited in its capacity as custodians for Macquarie Asia Pacific Co-Investment Fund LP.

#### (b) Details of Promoters Contribution and Lock-in

Pursuant to SEBI ICDR Regulations, an aggregate of 20% of the post-Offer capital of our Company held by our Promoters shall be locked-in for a period of three years from the date of Allotment.

All Equity Shares of our Company held by our Promoters are eligible for promoters contribution, except 2,103,033 Equity Shares, being 4.76% of our issued and paid-up capital, that are pledged with the State Bank of India pursuant to sanction letters dated November 29, 2007 and January 22, 2010 for loans granted to Tecpro Ashtech Limited and Tecpro Engineers Private Limited, respectively. For further details, see “**Financial Indebtedness**” on page 357.

10,094,759 Equity Shares, aggregating to 20.00% of the post-Offer equity capital of our Company, held by our Promoters, shall be locked in for a period of three years from the date of Allotment in the Offer.

The details of Promoter Contribution and lock-in are as below:



Name of Promoter	Date of allotment/ transfer	Consideration (Cash other than etc.)	Nature of allotment / acquisition	No. of Equity Shares allotted	Face Value (Rs.)	Consideration per Share (Rs.)	No. of Equity Shares being locked in	% of Post Offer Paid Up Capital
<b>Mr. Amul Gabrani</b>	November 7, 1990	Cash	Subscription to Memorandum of Association	100	10	10	100	0.00
	February 26, 2002	Cash	Preferential allotment	99,500	10	10	99,500	0.20
	February 20, 2004	Cash	Preferential allotment	279,500	10	10	279,500	0.55
	February 20, 2004	Other than Cash	Allotment in consideration of acquisition of assets and liabilities of Tecpro Systems, a proprietorship concern of Mr. Amul Gabrani	140,000	10	N/A	140,000	0.28
	May 31, 2005	Cash	Preferential allotment	308,500	10	10	308,500	0.61
	September 28, 2005	Cash	Preferential allotment	241,450	10	10	241,450	0.48
	July 17, 2006	Cash	Acquisition	500	10	10	500	0.00
	June 21, 2007	N/A	Bonus issue in the ratio 1:1	4,499,750	10	N/A	3,977,830	7.88
	March 31, 2005	Cash	Acquisition	120,000	10	10	120,000	0.24
	May 31, 2005	Cash	Preferential allotment	201,500	10	10	201,500	0.40
<b>Mr. Ajay Kumar Bishnoi</b>	July 17, 2006	Cash	Acquisition	500	10	10	500	0.00
	July 26, 2006	N/A	Bonus issue in the ratio 4:1	3,620,000	10	N/A	450,379	0.89
	June 21, 2007	N/A	Bonus issue in the ratio 1:1	4,275,000	10	N/A	4,275,000	8.47
<b>Total</b>				<b>13,786,300</b>			<b>10,094,759</b>	<b>20.00</b>

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

- The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or unrealised profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- Our Company has not been formed by the conversion of a partnership firm into a company; and
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge.



**(c) Details of other Equity Shares locked in**

Other than the above Equity Shares that are locked in for three years and excluding 1,300,000 Equity Shares forming part of the Offer for Sale portion and 900,000 Equity Shares held by Avigo Venture Investments Limited in its capacity as an Foreign Venture Capital Investor (“FVCI”) and 705,557 Equity Shares held by Avigo Trustee Company Private Limited in its capacity as a venture capital fund, the entire pre-Offer capital of our Company, comprising 31,223,475 Equity Shares would be locked-in for a period of one year from the date of Allotment. Additionally, any unsubscribed portion of the Offer for Sale portion of 1,300,000 Equity Shares being offered by Metmin Investments Holdings Limited would also be locked in for one year from the date of Allotment.

**(d) Lock-in of Equity Shares allotted to Anchor Investors**

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.

**(e) Other requirements in respect of lock-in**

Locked-in Equity Shares held by the Promoters can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. However, Equity Shares locked in as Promoters contribution can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Offer.

The Equity Shares held by persons other than Promoters prior to the Offer may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the “Takeover Regulations”).

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

Applications have been made to the State Bank of India for de-pledging of shares provided under pledge pursuant to sanction letters dated November 29, 2007 and January 22, 2010 for loans granted to TAL and Tecpro Engineers, respectively, for the limited purposes of creating lock-in of one year from the date of allotment under the Offer as required under the SEBI ICDR Regulations. The applications have been made subject to the condition that the same shares will be re-pledged immediately after compliance with the lock-in requirements as per the SEBI ICDR Regulations.

**4. Shareholding Pattern of our Company**

The table below presents our shareholding pattern as on the date of filing of this Draft Red Herring Prospectus:

Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of A+B	As a percentage A+B+C	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>							
1	<b>Indian</b>							
a	Individuals/Hindu	12	19,020,756	16,822,080	43.01	43.01	2,103,033	11.06



Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares	Shares Pledged or otherwise encumbered
	Undivided Family					
b	Central Government/State Government	0	0	0	0	0
c	Bodies Corporate	1	7,525,084	7,525,084	17.02	17.02
d	Financial Institutions/Banks	0	0	0	0	0
e	Any Other (specify)	0	0	0	0	0
	<b>Sub-Total (A) (1)</b>	<b>13</b>	<b>26,545,840</b>	<b>24,347,164</b>	<b>60.03</b>	<b>60.03</b>
2	<b>Foreign</b>					
a	Individuals(Non-Resident Individuals)	0	0	0	0	0
b	Bodies Corporate i.e. OCBs	0	0	0	0	0
c	Institutions	0	0	0	0	0
d	Any Other (specify)	0	0	0	0	0
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2)</b>	<b>13</b>	<b>26,545,840</b>	<b>24,347,164</b>	<b>60.03</b>	<b>60.03</b>
(B)	<b>Public Shareholding</b>					
1	<b>Institutions</b>					
a	Mutual Funds/UTI	0	0	0	0	0
b	Financial Institutions/Banks	0	0	0	0	0
c	Central Government/State Government(s)	0	0	0	0	0
d	Venture Capital Fund	1	705,557	705,557	1.60	1.60
e	Insurance Companies	0	0	0	0	0
f	Foreign Institutional Investors	0	0	0	0	0
g	Foreign Venture Capital Investors	1	900,000	900,000	2.03	2.03
h	Any Other (specify)	0	0	0	0	0
	<b>Sub-Total (B) (1)</b>	<b>2</b>	<b>1,605,557</b>	<b>1,605,557</b>	<b>3.63</b>	<b>3.63</b>
2	<b>Non-Institutions</b>					
a	Bodies Corporate	6	14,468,034	12,818,034	32.72	32.72
b	Individuals					
I	Individual Shareholders holding nominal Share Capital value upto Rs. 100,000	54	160,300	100,750	0.36	0.36
II	Individual Shareholders holding nominal Share Capital value in excess of Rs. 100,000	8	109,860	97,860	0.25	0.25
c	<b>Any Other (specify)</b>					
i	Trust	1	10,000	10,000	0.02	0.02
ii	NRI's	3	1,324,200	1,302,200	2.99	2.99
iii	OCB's	0	0	0	0	0
iv	Foreign Nationals	0	0	0	0	0
	<b>Sub-Total (B) (2)</b>	<b>72</b>	<b>16,072,394</b>	<b>14,328,844</b>	<b>36.34</b>	<b>36.34</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>74</b>	<b>17,677,951</b>	<b>15,934,401</b>	<b>39.97</b>	<b>39.97</b>



Category Code	Category of Shareholders	Number of Shareholders	Total Number of shares	Number of Shares Held in dematerialized form	Total Shareholding as a percentage of total number of shares	Shares Pledged or otherwise encumbered		
	Total (A)+(B)	87	44,223,791	40,281,565	100	100	2,103,033	4.76
(C)	Share held by Custodian and against which Depository Receipts have been issued	0	0	0	0	0	0	0
	Grand Total (A)+(B)+(C)	87	44,223,791	40,281,565	100	100	2,103,033	4.76

## 5. Shareholding of the Promoters and the Promoter Group

The table below presents the shareholding pattern of our Promoters and Promoter Group as on the date of filing of this Draft Red Herring Prospectus:

Shareholders	Pre-Offer		Post-Offer*	
	No. of Equity Shares	Percentage	No. of Equity Shares	Percentage
<b>Promoters</b>				
Mr. Ajay Kumar Bishnoi	9,019,842	20.40	9,019,842	17.87
Mr. Amul Gabrani	9,319,342	21.07	9,319,342	18.46
<b>Sub Total (A)</b>	<b>18,339,184</b>	<b>41.47</b>	<b>18,339,184</b>	<b>36.33</b>
<b>Promoter Group</b>				
Fusion Fittings (I) Limited	7,525,084	17.02	7,525,084	14.91
Mr. Arvind Kumar Bishnoi	470,143	1.06	470,143	0.93
Dr. Goldie Gabrani	100,143	0.23	100,143	0.20
Mr. Aditya Gabrani	50,143	0.11	50,143	0.10
Ms. Roma Katyal	14,000	0.03	14,000	0.03
Ms. Amita Bishnoi	12,643	0.03	12,643	0.03
Ms. Nutan Kapoor Mahawar	12,000	0.03	12,000	0.02
Ms. Pushap Lata Kapoor	12,000	0.03	12,000	0.02
Mr. Milind Singh	5,000	0.01	5,000	0.01
Ms. Rashmi Singh	5,000	0.01	5,000	0.01
Ms. Bhagwanti Gabrani	500	Negligible	500	Negligible
<b>Sub Total (B)</b>	<b>8,206,656</b>	<b>18.56</b>	<b>8,206,656</b>	<b>16.26</b>
<b>Total Promoters and Promoter Group ((A) + (B))</b>	<b>26,545,840</b>	<b>60.03</b>	<b>26,545,840</b>	<b>52.59</b>

\* Assuming none of the shareholders participate in the Offer.

- 200,000 Equity Shares have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at or above the Offer Price. An Employee Discount of Rs. [●] to the Offer Price has been offered to Eligible Employees. Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion on a competitive basis. Bids by Eligible Employees can also be made in the Net Offer and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 200,000 Equity Shares at or above the Offer Price, allocation shall be made on a proportionate basis. The Employee Reservation Portion will not exceed 5% of the post-Offer capital of the Company.
- Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public. In the event that the aggregate demand in the QIB Portion has been met, under subscription in any category, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.
- The list of top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing, ten days before the date of filing and two years before the date of filing of this Draft



Red Herring Prospectus is as follows:

- (a) Our top 10 shareholders as on the date of filing of this Draft Red Herring Prospectus and 10 days prior filing of this Draft Red Herring Prospectus are as follows:

S. No.	Name of Shareholder	No. of Equity Shares	Percentage
1.	Mr. Amul Gabrani	9,319,342	21.07
2.	Mr. Ajay Kumar Bishnoi	9,019,842	20.40
3.	Fusion Fittings (I) Limited	7,525,084	17.02
4.	Avigo Venture Investments Limited	6,819,153	15.42
5.	Metmin Investments Holdings Limited	5,594,881	12.65
6.	Bond Street Custodians Limited in its capacity as custodians for Macquarie Asia Pacific Co-Investment Fund LP	1,650,000	3.73
7.	Mr. Achal Ghai	1,302,200	2.94
8.	Credit Suisse PE Asia Investments (Mauritius) Limited	1,000,000	2.26
9.	Avigo Trustee Company Private Limited A/c The Avigo SME Fund	705,557	1.60
10.	Mr. Arvind Kumar Bishnoi	470,143	1.06
	<b>Total</b>	<b>43,406,202</b>	<b>98.15</b>

- (b) Our top ten shareholders as of two years prior to filing this Draft Red Herring Prospectus were as follows:

S. No.	Name of Shareholder	No. of Equity Shares	Percentage
1.	Mr. Amul Gabrani	8,849,500	33.15
2.	Mr. Ajay Kumar Bishnoi	8,550,000	32.03
3.	Metmin Investments Holdings Limited	3,875,300	14.52
4.	Avigo Venture Investments Limited	1,650,006	6.18
5.	Mr. Achal Ghai	1,302,200	4.88
6.	Credit Suisse PE Asia Investments (Mauritius) Limited	1,000,000	3.75
7.	Mr. Arvind Kumar Bishnoi	450,000	1.69
8.	Kotak Mahindra Capital Company Limited	300,000	1.12
9.	Avigo Trustee Company Private Limited A/c The Avigo SME Fund	183,334	0.69
10.	Dr. Goldie Gabrani	100,000	0.37
	<b>Total</b>	<b>26,260,340</b>	<b>98.38</b>

9. All Equity Shares offered and issued through the Offer are fully paid up.
10. Except Mr. Arvind Kumar Bishnoi who acquired 10,000 Equity Shares from Mr. Vijay Kumar Bajaj on March 23, 2010 at a price of Rs. 129.50 per Equity Share, neither the members of our Promoter Group nor our Promoters nor our Directors and their immediate relatives have purchased or sold any Equity Shares or financed the purchase of Equity Shares by any other person, other than in the normal course of business during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI.
11. As of the date of the filing of this Draft Red Herring Prospectus, the total number of holders of our Equity Shares is 87.
12. Over-subscription to the extent of 10% of the Net Offer to the public can be retained for the purpose of rounding off to the nearer multiple of minimum allotment lot.
13. Our Promoters, our Company, our Directors and the BRLMs have not entered into any buy-back or standby arrangements for purchase of Equity Shares from any person.
14. The BRLMs and their associates currently do not hold any Equity Shares in our Company. Kotak Mahindra Capital Company Limited, one of the BRLMs, had acquired 300,000 Equity Shares of our Company pursuant to an investment agreement dated December 4, 2007. However, Kotak Mahindra



Capital Company Limited sold its entire shareholding in our Company to Metmin Investment and Trading Private Limited on September 18, 2008.

15. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares as on the date of this Draft Red Herring Prospectus.
16. Our Company has not raised any bridge loans against the Net Proceeds.
17. We presently do not intend or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.
18. 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/Offer Closing Date shall be reported to the Stock Exchanges within 24 hours of such transaction.
19. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential on a preferential basis or by way of issue of bonus or rights or further public issue of Equity Shares or qualified institutional placements or otherwise. However, if we enter into acquisitions, joint ventures or other arrangements, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures.
20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
21. Our Promoters and members of the Promoter Group will not participate in this Offer.





## OBJECTS OF THE OFFER

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

### *The Offer for Sale*

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

### *The Fresh Issue*

The objects of the Fresh Issue are to:

- (a) fund working capital requirements; and
- (b) fund expenditure for general corporate purposes.

Further, we believe that the listing of our Equity Shares will enhance our visibility and brand name among existing and potential customers.

The main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in the Fresh Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

The details of the proceeds of the Offer are summarised in the following table:

<i>(Rs. in million)</i>		
S. No.	Particulars	Amount
(a)	Gross Proceeds of the Offer	[●]
(b)	Offer related Expenses*	[●]
(c)	Offer for Sale portion	[●]
(d)	Net Proceeds of the Offer	[●]

*\*To be finalised upon determination of Offer Price.*

### **Requirement of Funds and Means of Finance**

The fund requirements described below are based on management estimates and our Company's current business plan and have not been appraised by any bank or financial institution.

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

We intend to utilise the Net Proceeds of the Offer ("Net Proceeds") of Rs. [●] for financing the objects as set forth below.

<i>(Rs. in million)</i>		
S. No	Expenditure Items	Estimated Net Proceeds
1.	Fund working capital requirements	2,200
2.	Fund expenditure for general corporate purposes	[●]*
<b>Total</b>		<b>[●]</b>

*\*To be finalised upon determination of Offer Price.*

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

While we intend to utilise the Net Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund



requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Offer. In the event of any shortfall in the Net Proceeds, we will bridge the fund requirements from internal accruals or debt/equity financing.

## Details of the Objects

### I. Fund working capital requirements

Our business is working capital intensive and we fund majority of our working capital requirements in the ordinary course of our business from clients' advances in respect of projects awarded to us, various financial institutions and banks and from our internal accruals. Typically, the disbursements from clients are structured such that we receive a mobilization advance which is 5-10% of the total contract value. As of March 31, 2010, the Company's working capital facility consisted of an aggregate fund based limit of Rs. 3,475.00 million and an aggregate non-fund based limit of Rs. 19,729.00 million. As of October 31, 2009, the aggregate amounts outstanding under the fund based and non-fund based working capital facilities was Rs. 2,555.00 million and Rs. 13,645.00 million, respectively. For further details of the working capital facilities currently availed by us, see "*Financial Indebtedness*" on page 357.

Our Company requires additional working capital for executing our outstanding Order Book and expansion of our business operations in ash handling and BoP segments. As on March 31, 2010, the Order Book of the Company was Rs. 20,139.55 million. For further details of our Order Book position, please see "*Our Business*" on page 74.

#### Basis of estimation of working capital requirement and estimated working capital requirement

The details of the Company's working capital requirements as at October 31, 2009 and funding of the same are as set out in the table below.

<i>(Rs. in million, unless stated otherwise)</i>									
Sr. No.	Particulars	Holding levels (days)	Fiscal 2009	Holding levels (days)	As at October 31, 2009	Holding levels (days)	Fiscal 2010	Holding levels (days)	Fiscal 2011
			Audited			Provisional		Estimated	
<b>I.</b>	<b>Current Assets:</b>								
1.	Inventories								
(a).	Raw materials	19.95	387.82	29.34	694.14	17.38	760.00	18.00	1,183.56
(b).	Work-in-progress	19.02	369.66	22.44	530.89	12.58	550.00	13.00	854.79
(c).	Finished goods	1.84	35.68	10.58	250.38	0.52	22.70	0.50	32.88
2.(a)	Sundry debtors	119.82	2,328.65	139.40	3,298.09	112.65	4,926.19	115.00	7,561.64
2.(b)	Sundry debtors (Retention money)	72.82	1,415.29	104.89	2,481.69	57.29	2,505.00	58.00	3,813.70
3.	Cash and bank balances	49.14	955.03	62.63	1,481.88	52.16	2,280.80	52.50	3,452.05
4.	Loans and advances	10.10	196.23	27.62	653.38	9.31	407.30	9.50	624.66
5.									
6.	Other current assets	16.27	316.27	13.16	311.29	12.66	553.70	13.00	854.79
	<b>Total current assets (A)</b>		<b>6,004.63</b>		<b>9,701.73</b>		<b>12,005.69</b>		<b>18,378.07</b>
<b>II.</b>	<b>Current Liabilities:</b>								
1.	Sundry Creditors Turnover	190.20	3,696.53	196.98	4660.43	112.38	4,914.09	112.50	7,397.25
2.	Other current liabilities Turn over	45.01	874.72	38.19	903.59	45.58	1,993.16	45.00	2,958.90



Sr. No.	Particulars	Holding levels (days)	Fiscal 2009	Holding levels (days)	As at October 31, 2009	Holding levels (days)	Fiscal 2010	Holding levels (days)	Fiscal 2011
	<b>Total current liabilities (B)</b>		<b>4,571.25</b>		<b>5,564.02</b>		<b>6,907.26</b>		<b>10,356.16</b>
<b>III.</b>	<b>Total working Capital Requirements (A – B)</b>		<b>1,433.38</b>		<b>4,137.71</b>		<b>5,098.43</b>		<b>8,021.92</b>
<b>IV.</b>	<b>funding pattern</b>								
1.	Working capital facilities from banks		538.13		2,269.16		2,750.00		2,750.00
2.	Internal accruals		895.26		1,868.55		2,348.43		2,821.92
3.	Enhanced Working capital facilities*		-		-		-		250.00*
4.	Part of the Net Proceeds to be utilized		-		-		-		2,200.00

\*The Company proposes to avail additional working capital facility of Rs. 250.00 million from various lenders.

Our Company proposes to utilise Rs. 2,200.00 million of the Net Proceeds towards working capital requirements for meeting our future business requirements.

The holding periods for the seven months period ending October 31, 2009 are not entirely comparable with the estimated fiscal 2010 and fiscal 2011 as the audited numbers are based on seven months financial statements. Further, TAL and TPSL merged into our Company with effect from April 1, 2009, pursuant to a scheme of amalgamation under sections 391 – 394 of the Companies Act. The scheme of amalgamation was approved by the High Court of Bombay on November 20, 2009 and by the High Court of Delhi on March 4, 2010. Accordingly, our results of operations for the seven months period ended October 31, 2009 also includes the results of operations of our ash handling business pursuant to merger of TAL into our Company and fully consolidates the results of operations of TPSL. Therefore, our results of operation for the seven months period ended October 31, 2009 are not directly comparable with previous periods.

#### *Justification for Holding period levels*

<b>Debtors</b>	Debtors are expected to be in line with fiscal 2009 levels, keeping in view the nature of the industry in which our Company operates.
<b>Inventories</b>	Inventory holding levels of raw materials, work in progress, finished goods etc are expected to be more or less in line with fiscal 2009 levels, keeping in view the nature of the industry in which our Company operates.
<b>Current Liabilities</b>	<ul style="list-style-type: none"> <li>Currently, creditors payment get stretched to a period of about 190 days against the stipulated contractual period of three to four months. In order to ensure uninterrupted supply of material and services, the average holding period of current liabilities needs to be brought down in line with the terms and conditions with the creditors.</li> <li>We expect to be able to negotiate terms of three to four months payment period with creditors in case of our new businesses <i>i.e.</i> ash handling business and BoP services.</li> </ul>

R.G. Luthra & Co., Chartered Accountants, have by a certificate dated April 10, 2010, certified the working capital requirements of the Company. For further details of this certificate, please see “**Material Contracts and Documents for Inspection**” on page 497.

## **2. Fund expenditure for general corporate purposes**

We intend to use a part of the Net Proceeds, approximately Rs. [●] million, towards general corporate purposes to drive our business growth. As of the date of this Draft Red Herring Prospectus, we have not yet entered into



any definitive commitment for any acquisition, investment or joint venture for which we intend to use the Net Proceeds.

Our management, in accordance with the policies of the Board, will have the flexibility in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

### 3. *Achieve the benefits of listing on the Stock Exchanges*

We believe that equity capital markets is an ideal source for meeting long term as well as working capital funding requirements of a growing company like ours. In addition, the listing of our Equity Shares will, among other things, enhance our visibility, pre-qualification credibility and brand name among our existing and potential customers. We also believe that as a listed entity we would be able to attract high quality and talented personnel.

### **Schedule of Implementation and Deployment of Funds**

Our Company proposes to deploy the Net Proceeds in the aforesaid objects in the current fiscal and the next fiscal year. For details of the estimated schedule of deployment of funds, please refer to “—*Basis of estimation of working capital requirement and estimated working capital requirement*” on page 42.

### **Appraisal of the Objects**

None of the objects for which the Net Proceeds will be utilised have been financially appraised. The estimates of the costs of objects mentioned above are based on internal estimates of our Company.

### **Offer related expenses**

The expenses for this Offer include lead management fees, underwriting and selling commission, registrar’s fees, advertisement and marketing expenses, printing and distribution expenses, IPO Grading expenses, legal fees, SEBI filing fees, bidding software expenses, depository charges and listing fees to the Stock Exchanges. The details of the estimated Offer expenses are set forth below.

S. No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Offer Expenditure	Percentage of Offer Size
1.	Fees of the Book Running Lead Managers *	[●]	[●]	[●]
2.	Underwriting and selling commission (including commission to SCSBs for ASBA Applications) *	[●]	[●]	[●]
3.	Fees to Registrar to the Offer*	[●]	[●]	[●]
4.	Fees to the Legal Advisors*	[●]	[●]	[●]
5.	Fees to the Bankers to the Offer*	[●]	[●]	[●]
6.	Other Expenses (Filing and listing fees, printing and stationery, distribution and postage, advertisement and marketing expense etc.) *	[●]	[●]	[●]
<b>Total Estimated Offer Expenses</b>		[●]	[●]	[●]

\*Will be incorporated at the time of filing of the Prospectus.

Other than listing fees, which will be paid by us, all expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.

### **Interim Use of Funds**

Our management, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds. Pending utilisation for the purposes described above, we intend to temporarily invest the funds in interest/dividend bearing liquid instruments including investments in mutual funds, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time. Our Company confirms that pending utilisation of the Net Proceeds it shall not use the funds for any investments in the equity markets.



### **Monitoring of Utilisation of Funds**

As this is an Offer for less than Rs. 5,000 million, there is no requirement for the appointment of a monitoring agency. Our Board of Directors shall monitor the utilisation of the Net Proceeds.

We will disclose the details of the utilisation of the Net Proceeds, including interim use, under a separate head in our financial information specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges. As per the requirements of Clause 49 of the Listing Agreement, we will disclose to the Audit Committee the uses/applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made until such time that the Net Proceeds have been fully spent. The statement shall be certified by our statutory auditors. Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in this Draft Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49.

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds or estimated cost as above with our Promoters, our Directors, our key managerial personnel, associate and Group Companies. No part of the Net Proceeds will be paid by us as consideration to our Promoters, Promoter Group, our Directors, Group Companies or key managerial employees, except in the normal course of our business.



## BASIS FOR OFFER PRICE

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

### Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry.

- Project management expertise and established track record of project execution;
- Robust Order Book;
- Strong in-house design and manufacturing capabilities;
- Technical collaborations and alliances with international manufacturers;
- Experienced management team; and
- Well-positioned to capitalize on the growth opportunities in the power sector in India.

For further details, see “*Our Business - Our Strengths*” on page 76.

### Quantitative Factors

The information presented below relating to the Company is based on the consolidated and unconsolidated financial information for the seven months period ended October 31, 2009, fiscal 2009, 2008 and 2007 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. For details, see “*Financial Information – Auditors Report*” on page 140.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

#### 1. Basic and Diluted Earning Per Share (EPS), as adjusted for change in capital:

##### As per our consolidated financial statements:

Year ended	Basic		Diluted	
	EPS (in Rs.)	Weight	EPS (in Rs.)	Weight
March 31, 2007	8.71	1	8.21	1
March 31, 2008	15.76	2	15.74	2
March 31, 2009	20.31	3	20.05	3
Weighted Average	16.86		16.64	

The basic and diluted EPS for the seven months period ended October 31, 2009 is Rs. 2.75 and Rs. 2.74 respectively.

##### As per our unconsolidated financial statements:

Year ended	Basic		Diluted	
	EPS (in Rs.)	Weight	EPS (in Rs.)	Weight
March 31, 2007	9.06	1	8.54	1
March 31, 2008	15.94	2	15.93	2
March 31, 2009	19.04	3	18.80	3
Weighted Average	16.34		16.13	

The basic and diluted EPS for the seven months period ended October 31, 2009 is Rs. 3.18 and Rs. 3.17, respectively.

#### Notes:

- (1) EPS calculations have been done in accordance with Accounting Standard 20-“Earning per share” issued by the Institute of Chartered Accountants of India.
- (2) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting



factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year.

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

- a. P/E based on basic and diluted EPS (consolidated) for year ended March 31, 2009 is [●]
- b. P/E based on basic and diluted EPS (unconsolidated) for year ended March 31, 2009 is [●]
- c. Industry P/E
  - i. Highest: 143.30
  - ii. Lowest: 7.80
  - iii. Industry Composite: 29.90

Source: Capital Markets Vol. XXV/04 April 19 – May 02, 2010.

## 3. Return on Net Worth:

As per our consolidated financial information:

Year ended	RoNW (%)	Weight
March 31, 2007	40.46	1
March 31, 2008	40.59	2
March 31, 2009	31.43	3
Weighted Average	35.99	

The RoNW for the seven months period ended October 31, 2009 is 4.56%.

As per our unconsolidated financial information:

Year ended	RoNW (%)	Weight
March 31, 2007	41.44	1
March 31, 2008	40.56	2
March 31, 2009	33.76	3
Weighted Average	37.31	

The RoNW for the seven months period ended October 31, 2009 is 5.15%.

*Note: The RoNW has been computed by dividing Profit after Tax by Net Worth.*

## 4. Minimum Return on Total Net Worth after Offer needed to maintain Pre-Offer EPS for the year ended March 31, 2009:

- a. At Offer Price: [●]

## 5. Net Asset Value per Equity Share of face value Rs. 10/- each

- a. As of March 31, 2009 (Consolidated): Rs. 55.46
- b. As of March 31, 2009 (Unconsolidated): Rs. 54.73
- c. As of October 31, 2009 (Consolidated): Rs. 58.46
- d. As of October 31, 2009 (Unconsolidated): Rs. 59.86
- e. After the Offer (Consolidated): [●]
- f. After the Offer (Unconsolidated): [●]
- g. Offer Price: Rs. [●]\*

\*Offer Price per Share will be determined on conclusion of Book Building Process.





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

## 6. Comparison with Industry Peers:

	EPS as of March 31, 2009 (Rs.)	P/E (times)	Return on Net Worth (%)	Net Asset Value per Equity Share (Rs.)
Tecpro Systems Limited <sup>(1)</sup>	20.31		31.43	55.46
Peer Group <sup>(2)</sup>				
BGR Energy Systems Limited	15.5	28.1	22.3	77.9
Elecon Engineering Company Limited	5.9	15.3	22.4	29.7
McNally Bharat Engineering Company Limited	5.6	35.7	10.4	63.0
Sunil Hitech Engineers Limited	12.4	14.4	9.2	141.5
TRF Limited	40.4	17.1	40.2	120.2
Peer Group Average		22.12	20.9	

<sup>1)</sup> As per restated consolidated financial information

<sup>2)</sup> Source: Capital Markets Vol. XXV/04 April 19 – May 02, 2010

The Offer Price of Rs. [●] per equity share is [●] of the face value of Rs. 10 per equity share. The Offer Price has been determined by our Company and the Selling Shareholder in consultation with the BRLMs and on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process.

The BRLMs believe that the Offer Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with “**Risk Factors**” and “**Financial Information**” on pages xi and 140, respectively, to have a more informed view. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in “**Risk Factors**” and you may lose all or part of your investments.



## STATEMENT OF TAX BENEFITS

The below Statement of 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 Equity Shares. The statements made are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of Equity Shares.

To,  
**The Board of Directors,**  
**Tecpro Systems Limited,**  
106, Vishwadeep Tower, Plot No-4,  
District Centre, Janak Puri,  
New Delhi-110058

Dear Sirs,

We hereby certify that the enclosed Annexure which states the possible tax benefits available to Tecpro Systems Limited ('the Company') and its shareholders under the Income Tax Act, 1961 and the Wealth Tax Act, 1957 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the 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 the business imperatives, the Company or shareholders as the case may be, may or may not choose to fulfill.

The benefits discussed in the 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.

The Draft Direct Tax Code, Bill 2009 ('DTC') has been released by the Ministry of Finance on 12 August 2009 for public comments. DTC, which is expected to change the tax structure, is open for discussion and after which it will take the form of law. DTC is expected to be implemented from 1 April 2011 and would replace existing Act (s). Any proposals in DTC may alter the tax benefits discussed in the Annexure. However, since, DTC is yet to be introduced; the impacts of provisions contained in the DTC have not been discussed in this statement of tax benefits.

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

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

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

An Investor is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares.

For **R. G. Luthra & Co.**  
**Chartered Accountants**

(Himanshu Kumar)  
Partner  
Membership No.: 099953

Place : Gurgaon  
Date : 19 April 2010



## **Annexure to Statement of possible tax benefits available to Tecpro Systems Limited ('The Company') and its shareholders:**

### **Under the Income Tax Act, 1961 ('the Act'):**

#### **1. Benefits to the Company:**

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

- **General Tax benefits available to the Company**

The Income Tax Act, 1961 (provisions of Finance (No.2) Act, 2009), presently in force in India, make available the following general tax benefits to companies. Several of these benefits are dependent on the companies fulfilling the conditions prescribed under the relevant provisions of the statute.

- **Dividends**

Under section 10(34) of the Act, income by way of dividends referred to in section 115-O (*i.e.* dividends declared, distributed or paid on or after April 1, 2003) received on shares of any domestic company, is exempt from tax. Under section 10(35) of the Act, any income received in respect of units of mutual funds specified under section 10(23D) of the Act is exempt from Tax. However, a domestic company / a mutual fund have to pay Dividend Distribution Tax ('DDT') on the amount of dividend declared, distributed or paid. From assessment year 2009-10 onwards, while computing the DDT payable, the domestic company can reduce the amount of dividend received from its subsidiary, which has paid the DDT on such dividend distributed subject to fulfillment of certain conditions prescribed therein.

- **Capital Gains**

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or units of Mutual Fund specified under section 10(23D) or zero coupon bond will be considered as long term capital assets if they are held for period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "Long Term Capital Gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "Short Term Capital Gains".

Section 48 of the Act, which prescribes the mode of computation of Capital Gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of Capital Gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

As per the provisions of section 112(1)(b) of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act, would be subject to tax at a rate of 20 percent (plus applicable surcharge, education cess and secondary higher education cess). However, as per the proviso to section 112 (1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at concessional rate of 10 percent (plus applicable surcharge, education cess and secondary higher education cess)

Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge, education cess and secondary higher education cess). However, as per the provisions of section 111A of the Act, short-term capital gains on sale (transfer) of Equity Shares or units of an equity oriented fund on or after October 1, 2004, where the transaction of sale (transfer) is subject to Securities Transaction Tax ("STT") shall be chargeable to tax at a rate of 15 percent (plus applicable surcharge, education cess and secondary higher education cess).

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the Company will be able to enjoy the concessional benefits of taxation on capital gains.



As per section 74 Short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain of the said year. Balance loss, if any, could be carry forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long term capital gains.

- **Exemption of capital gain from income tax**

- a. Under section 10(38) of the Act, any long term capital gains arising out of sale of Equity Shares or units of an equity oriented fund on or after October 1, 2004, will be exempt from tax provided that the transaction of sale of such shares or units is chargeable to STT. However, such income shall be taken into account in computing the book profits under section 115JB.
- b. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10 (38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six month from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed Rupees fifty Lacs in one financial year.

- **Income from House Property**

Subject to the fulfillment of conditions prescribed, the company will be eligible, inter-alia, for the following specified deductions in computing its income from house property:-

- a. Under section 24(a) of the Act, the Company is eligible for deduction of thirty percent of the annual value of the property (*i.e.* actual rent received or receivable on the property or any part of the property which is let out).
- b. According to Section 24(b) of the Act, where the property has been acquired, constructed, repaired, renewed, or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. As also, in respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.
- c. Under section 71B of the Act, house property losses can be carried forward for a period of 8 consecutive assessment years, succeeding the assessment year when the loss was first computed and set off such losses from the income chargeable under the head "Income from House Property".

- **Business income**

Subject to the fulfillment of conditions prescribed, the company will be eligible, inter-alia, for the following specified deductions in computing its business income:-

- a. Under Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.
- b. Under Section 35(1) (ii) and (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research, or to any approved university, College or other institution to be used for scientific research or for research in social sciences or statistical scientific research to the extent of a sum equal to one and one fourth times the sum so paid. Under Section 35 (1) (ia) of the Act, any sum paid to a company, which is registered in India and which has



as its main object the conduct of scientific research and development, to be used by it for scientific research, shall also qualify for a deduction of one and one fourth times the amount so paid.

- c. Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions entered in the course of its business, if income arising from such taxable securities transactions is offered to tax as “Profits and gains of Business or profession” shall be allowable as a deduction against such Business Income.
- d. Subject to compliance with certain conditions laid down in section 32 of the Act, the Company will be entitled to deduction for depreciation in respect of tangible assets (being buildings, machinery, plant or furniture, etc.) and intangible assets (being knowhow, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income Tax Rules, 1962;
- e. Under Section 35D of the Act, the Company is eligible to claim amortization of defined preliminary expenses, subject to limits specified in sub section (3) of said section.
- f. The corporate tax rate shall be 30% (plus applicable surcharge, education cess and secondary and higher education cess).
- g. In accordance with and subject to the conditions specified under Section 80-IB(10) of the Act, the Company is eligible for hundred per cent deduction of the profits derived from development and building of housing projects approved before 31 March, 2008, by a local authority subject to fulfillment of conditions mentioned therein.
- h. Under section 80IA of the Act, 100 percent of profits is deductible for 10 years commencing from the initial assessment year in case of an undertaking which develops, develops and operates or develops, operates and maintains any infrastructure facility, subject to conditions specified therein.
- i. Under Section 80G of the Act, the deductions will be available to the Company in respect of amount contributed as donations to various charitable institutions/funds covered under that section, subject to fulfillment of conditions specified therein.

- **Computation of tax on book profit**

Under section 115JB of the Act, the company is liable to pay income tax at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess) on the Book Profit as computed in accordance with the provisions of section 115JB of the Act, if the total tax payable as computed under the Act is less than 15% of the Book Profit as computed under the said section.

As per section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid under section 115JB of the Act (MAT). Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set off beyond 10 years succeeding the year in which the MAT becomes allowable.

MAT credit, thus carried forward, in the year in which it is required to pay the tax. The Company shall be eligible to set-off the under the regular provisions of the Income-tax Act. The amount which can be set-off is restricted to the difference between the tax payable under the regular provisions of the Act and tax payable under the provision of section 115JB in that year.

- **Tax rebates/Tax credits**

As per the provisions of section 90, for taxes on income paid in Foreign Countries with which India has entered into Double Taxation Avoidance Agreements (Tax Treaties from projects/activities undertaken thereat), the Company will be entitled to the deduction from the India, Income-tax of a sum calculated on such doubly taxed income to the extent of taxes paid in Foreign Countries. Further, the company as a tax resident of India would be entitled to the benefits of such Tax Treaties in respect of income derived by it in foreign countries. In such cases the



provisions of the Income tax Act shall apply to the extent they are more beneficial to the company. Section 91 provides for unilateral relief in respect of taxes paid in foreign countries.

- **Special tax benefits available to the Company**

There are no special tax benefits available to the Company.

## 2. **General Benefits Available To Resident Shareholders:**

- **Dividends exempt under section 10(34)**

Under section 10 (34) of the Act, income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

- **Income of a minor**

As per Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1, 500 per minor child.

- **Computation of capital gains**

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) of the Act or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sales of these assets held for 12 months or less are considered as “short term capital gains”.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

As per provisions of section 112 (1) (a) of the Act, long term gains as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus education cess and secondary higher education cess). However, as per the proviso to the said section 112 (1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed @ 10 percent without indexation benefit, then such gains are chargeable to tax at concessional rate of 10 percent (plus applicable education cess and secondary higher education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax as calculated under the normal provisions of Income Tax Act, 1961. However, as per the provisions of section 111A of the Act, short term capital gains on sale of Equity Shares or units of mutual funds on or after October 1, 2004, where the transaction of sale is chargeable to Securities Transaction Tax (“STT”) shall be subject to tax at a rate of 15 percent (plus applicable education cess and secondary higher cess).

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the individual will be able to enjoy the concessional benefits of taxation on capital gains.

As per section 74 Short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain of the said year. Balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent years short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, can be carried forward for eight years for claiming set-off against subsequent year’s long term capital gains.



- **Exemption of capital gain from income tax**

- Under section 10(38) of the Act, long term capital gains arising out of sale of Equity Shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or unit is chargeable to Securities Transaction Tax ("STT").
- According to the provisions of sections 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from date of transfer. If only the part of capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified assets will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after April 1, 2007, in the said bonds should not exceed Rupees fifty lacs in one financial year.
- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ("HUF"), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house provided that the individual does not own more than one residential house, other than the new asset, on the date of transfer of the original asset. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Further thereto, if the individual purchases within a period of two years or constructs within a period of three years after the date of transfer of the original long term capital asset, any other residential house, other than the residential house referred to above, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is purchased or constructed.

- **Deduction of Security Transaction Tax (STT)**

Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions entered into course of its business, if income arising from such taxable securities transactions is offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

- **Special tax benefits**

There are no special tax benefits available to the resident share holders.

### **3. Benefits Available To Non Resident Shareholders Other Than Foreign Institutional Investors And Foreign venture Capital Investors:**

- **Dividends exempt under section 10(34)**

Under section 10(34) of the Act, income by way of dividend from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

- **Income of a minor**

As per provisions of 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1, 500 per minor child.





- **Computation of capital gains**

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) of the Act or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains. Capital gains arising on sale of such assets held for 12 months or less are considered as short term capital gains.

Section 48 of the Act contains provisions in relation to computation of capital gains on transfer of shares of an Indian Company by a non-resident where the investment in such shares was made in foreign currency (as per exchange control regulations). Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (*i.e.*, sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. Benefit of indexation of costs is not available in above case.

According to the provisions of section 112 of the Act, long term capital gains as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable education cess and secondary higher education cess). In case investment is made in Indian Rupees, the long-term capital gains that are not exempt u/s. 10(38) of the Act are to be computed after indexing the cost.

However, as per the proviso to section 112 (1) (c), if the tax on long term gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable education cess and secondary higher education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax as calculated under the normal provisions of Income Tax Act, 1961. However, as per the provisions of section 111A of the Act, short term capital gains of Equity Shares on or after October 1, 2004, where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable education cess and secondary higher education cess)

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the individual will be able to enjoy the concessional benefits of taxation on capital gains.

### **Capital gains tax - Options available under the Act**

#### **Where shares have been subscribed in convertible foreign exchange**

##### **Option of taxation under chapter XII-A of the Act:**

Non-resident Indians [as defined in section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter-alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

According to the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian Company not exempt under section 10 (38), will be subject to tax at the rate of 10 percent (plus applicable education cess and secondary higher education cess) without indexation benefit.

According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered u/s. 10(38) of Income Tax Act, 1961), being shares in an Indian company shall 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, if part of such net consideration is invested within the prescribed period of six months in any specified asset, the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred



wholly and exclusively in connection with such transfer. Further, if the specified asset 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.

As per the provisions of 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 source of income is only investment income and / or long term capital gains defined in section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of chapter XVII-B of the Act.

Under section 115H of the Act, where the 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 the chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) and (v) of section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

#### **Where the shares have been subscribed in Indian Rupees**

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed time to time.

As per the provisions of section 112(1) (c) of the Act, long term capital gains that are not exempt u/s. 10 (38) of the Act as computed above would be subject to tax at a rate of 20 percent (plus applicable education cess and secondary higher education cess).

However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable education cess and secondary higher education cess).

- **Exemption of capital gain from income tax**

Under section 10(38) of the Act, long term capital gains arising out of sale of Equity Shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or unit is chargeable to STT.

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after April 1, 2007, in the said bonds should not exceed Rupees fifty Lacs in one financial year.

In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.



According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house provided that the individual does not own more than one residential house, other than the new asset, on the date of transfer of the original asset.. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Further thereto, if the individual purchases within a period of two years or constructs within a period of three years after the date of transfer of the original long term capital asset, any other residential house, other than the residential house referred to above, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is purchased or constructed.

As per section 74 Short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain of the said year. Balance loss, if any, could be carry forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains.

- **Deduction in respect of Securities Transaction Tax (STT)**

Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

- **Provisions of the Act vis-a-vis provisions of the tax treaty**

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non resident. Thus a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

#### **4. Benefits Available To Other Individual Non-Resident Shareholders (Other Than FIIS And Foreign Venture Capital Investors)**

- **Dividends exempt under section 10(34)**

Under section 10(34) of the Act, income earned by way of dividend (Interim or final) from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

- **Income of a minor exempt up to certain limit**

Under Section 10(32) of the Act, any income of minor children clubbed in the total income of the parent under section 64(1A) of the Act will be exempted from tax to the extent of Rs.1, 500 per minor child.

- **Computation of capital gains**

Capital assets may be categorized into short term capital asset and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of mutual fund specified under section 10 (23D) of the Act or zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of such assets held for 12 months or less are considered as "short term capital gains".

Section 48 of the Act contains provisions in relation to computation of capital gains on transfer of shares of an Indian Company by a non-resident. Computation of capital gains arising on transfer of shares in case of non-



residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (*i.e.*, sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

According to the provisions of section 112 of the Act, long term gain as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). In case investment is made in Indian Rupees, the long-term capital gain is to be computed after indexing the cost.

However, as per the proviso to section 112 (1) (c), if the tax on long term gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable education cess and secondary higher education cess).

Gains arising on transfer of short term capital assets are currently chargeable to tax as calculated under normal provisions of Income Tax Act, 1961, (plus applicable education cess and secondary higher education cess). However, as per the provisions of section 111A of the Act, short term capital gains of Equity Shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable education cess and secondary higher education cess).

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the individual will be able to enjoy the concessional benefits of taxation on capital gains.

As per section 74 Short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carry forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years "long term capital gains".

- **Exemption of capital gain from income tax**

Under section 10(38) of the Act, long term capital gains arising out of sale of equity Shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or units is chargeable to STT.

Accordingly to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after April 1, 2007, in the said bonds should not exceed Rupees fifty lacs (in one financial year) in such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act.

However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Further thereto, if the individual purchases within a period of two years or constructs within a period of three years after the date of transfer of the



original long term capital asset, any other residential house, other than the residential house referred to above, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is purchased or constructed.

- **Deduction in respect of Securities Transaction Tax (STT)**

Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions entered into the course of its business, if income arising from such taxable securities transactions, is offered to tax as “Profits and gains of Business or profession” shall be allowable as a deduction against such Business Income.

- **Provisions of the Act vis-a-vis provisions of the tax treaty**

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non resident. Thus a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

## **5. Benefits Available To Foreign Institutional Investors (“FIIs”)**

- **Dividends exempt under section 10 (34)**

Under section 10 (34) of the Act, income earned by way of dividend (Interim or final) from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the share holders.

However, in view of the provisions of Section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.

Also, Section 94(7) of the Act provides that losses arising from the sale/transfer of shares or units purchased within a period of three months prior to the record date and sold/transferred within three months or nine months respectively after such date, will be disallowed to the extent dividend income on such shares or units is claimed as tax exempt.

- **Taxability of capital gains**

Under section 10 (38) of the Act, long term capital gains arising out of sale of Equity Shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or units is chargeable to STT. However, such income shall be taken into account in computing the book profits under section 115JB.

The income by way of short term capital gains or long term capital gains [long term capital gains not covered under section 10 (38) of the Act] realized by “FII” on sale of the shares of the Company would be taxed at the following rates as per section 115AD of the Act.

- i) Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge, education cess and secondary higher education cess).
- ii) Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge, education cess and secondary higher education cess).
- iii) Long term capital gains @10% (plus applicable surcharge, education cess and secondary higher education cess) (without cost indexation).

It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

According to provisions of section 54EC of the Act and subject to the condition specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after April 1, 2007, in the said bonds should not exceed Rupees fifty Lacs (in one financial year).



However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Further the tax benefits related to capital gains are subjected to the CBDT Circular No. 4/2007 dated June 15, 2007, and on fulfillment of criteria laid down in the circular, the institution will be able to enjoy the concessional benefits of taxation on capital gains.

- **Provisions of the Act vis-a-vis provisions of the tax treaty**

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non resident. Thus a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

- **Special tax benefits**

There are no special tax benefits available to the Foreign Institutional Investors (FIIs)

#### **6. Benefits available to Mutual Funds**

Under section 10 (34) of the Act, income earned by way of dividend (Interim or final) from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the share holders.

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India, would be exempt from income tax subject to the conditions as the Central Government may notify. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115R of the Act.

#### **7. Benefits available to venture Capital Companies/Funds**

Under section 10 (34) of the Act, income earned by way of dividend (Interim or final) from domestic Company referred to in section 115-O of the Act is exempt from income tax in the hands of the share holders.

As per the provisions of section 10 (23FB) of the Act, any income of Venture Capital Companies/ Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under section 10(23FB)(c). However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

#### **Benefits available under the “Wealth Tax Act, 1957”**

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2 (ea) of Wealth Tax Act, 1957. Hence, no wealth tax will be payable on the market value of shares of the company held by the shareholder of the company.

Notes:

1. The surcharge is not applicable in case of an Individual, HUF, AOP and a partnership firm from the assessment year 2010-11
2. All of the above benefits are as per the current tax law as amended by the Finance (No.2) Act, 2009.



3. All the above benefits are as per the current tax law and will be available only to the sole/first named holder in case the shares are held by the joint holders.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For, **R. G. Luthra & Co.**  
**Chartered Accountants,**

**Himanshu Kumar**  
Partner  
Membership no. 099953  
Firm ICAI Registration No. 006080N  
Place: Gurgaon  
Date: 19 April 2010





## SECTION IV- ABOUT US

### INDUSTRY OVERVIEW

*The information presented in this section has been extracted from publicly available documents and industry publications prepared by various third party sources, including the GoI and its various ministries and certain multilateral institutions. This data has not been prepared or independently verified by the BRLMs or the legal advisor, or any of, our Company or their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page xi. Unless otherwise indicated, all quantitative information has been taken from IAS of CMIE, Ministry of Power, Ministry of Steel, Ministry of Heavy Industries and Public Enterprises and Cement Manufacturers Association.*

#### **Overview of the Indian Economy**

India is one of the fastest growing economies in the world and it has grown at an average rate of 7.6% per annum between 2007 and 2009. India had an estimated GDP of approximately USD 3.56 trillion in 2009, which makes it the fourth largest economy in the world after the United States of America, China and Japan, in purchasing power parity terms. The following table presents a comparison of India’s real GDP growth rate with the real GDP growth rate of certain other countries:

Countries	2007*	2008*	2009*
Australia	4.0%	2.4%	0.8%
Brazil	6.1%	5.1%	0.1%
China	13.0%	9.0%	8.7%
Germany	2.5%	1.3%	(5.0%)
India	9.0%	7.4%	6.5%
Japan	2.3%	(0.7%)	(5.7%)
South Korea	5.1%	2.2%	(0.8%)
Malaysia	6.2%	4.6%	(2.8%)
Russia	8.1%	5.6%	(7.9%)
Thailand	4.9%	2.6%	(3.5%)
United Kingdom	2.6%	0.7%	(4.3%)
United States	2.1%	0.4%	(2.4%)

*\* Represents calendar year growth rates*

*(Source: CIA World Factbook, website: <https://www.cia.gov/library/publications/the-world-factbook> accessed on April 10, 2010)*

India’s ability to recover from the global slowdown and its own domestic liquidity crunch has been driven by the country’s large domestic savings (including corporate retained earnings) and private consumption. Further, the Government’s fiscal policies and the monetary policies of the Reserve Bank of India have also played an important role in the revival of economic growth. In particular, the Government as part of its fiscal stimulus package took the following initiatives to promote consumption in the economy:

- increased Government expenditure especially on infrastructure; and
- reduced taxes to spur consumption.

Investment in India has, remained relatively stable despite the global slowdown and has been growing at a rate higher than that of GDP. There has been upward trend in the growth of the private investment. The turnaround in the growth momentum was confirmed with the second quarter of 2009-10 estimates, when the economy recorded a GDP growth of 7.9% as against 7.5% in the corresponding quarter of 2008-09. The recovery was broad based with mining and quarrying, manufacturing, and electricity, gas and water supply recording impressive growth rates. *(Source: Ministry of Finance: Economic Survey, 2009-10)*

Domestic deceleration in demand and persistent uncertainty in the global conditions, however, operate as the major impediment to a quicker economic recovery. It is believed that strengthening consumer and investor confidence in India will be necessary in order to sustain growth over the long term *(Source: Macroeconomic and Monetary Developments: First Quarter Review 2009-10)*. In order to target a GDP growth of more than 9%, significant investments by public and private sectors would be required for development of infrastructure in the country.



### ***Infrastructure Development***

The high growth of the Indian economy in recent years has placed increasing stress on physical infrastructure such as electricity, railways, roads, ports, airports, irrigation, water supply and sanitation, all of which already suffer from a substantial deficit in terms of capacities and efficiencies in their delivery. While there has been some improvement in infrastructure development in the transport, communication and energy sectors in recent years, there are still significant gaps that need to be bridged. Building on the general consensus that infrastructure inadequacies would constitute a significant constraint in realizing India's development potential, an ambitious program of infrastructure investment, involving both the public and private sector, is being implemented for the Eleventh Five Year Plan (2007-12) which emphasizes broad-based and inclusive approach to economic growth to improve the quality of life and reducing disparities across regions and communities. Similar policies are expected to be implemented for the Twelfth Five Year Plan (2012-17).

Infrastructure spending is set to grow significantly. Infrastructure spending targets for the Eleventh Five Year Plan were revised, from 4.6% to 7.5% of GDP representing an increase of over 140% compared to the Tenth Five Year Plan. The program strengthens and consolidates recent infrastructure related initiatives, such as the Bharat Nirman for building rural infrastructure, as well as sectoral initiatives, such as the National Highways Development Programme, the Airport Financing Plan, and the National Maritime Development Programme and the Jawaharlal Nehru National Urban Renewal Mission. In order to meet the intended level of planned infrastructure spending, the Government is encouraging private sector participation through public private partnerships ("PPP") projects. Furthermore, states including Gujarat, Uttar Pradesh, Bihar, Tamil Nadu, Delhi and the NCR region have proactively implemented measures to foster infrastructure investment.

According to the World Bank, India needs to invest an additional 3-4% of GDP on infrastructure to sustain its current levels of growth in the medium term and to spread the benefits of growth more widely (*Source: India Country Overview 2009, World Bank*).

In tandem with the projected investment in infrastructure, the related industries in power, steel, coal and cement are also expected to witness significant growth. As per CMIE estimates, the capacity expansion in 2010-11 is expected to be at record levels of Rs. 6,500,000 million, out of which majority of the investment will be in the infrastructure sector. Investments worth approximately Rs. 1,400,000 million will be commissioned in the electricity sector, approximately Rs. 628,740 million in the roadways sector and approximately Rs. 506,290 million in the construction sector. The other sectors which are expected to see significant project execution activities and commissioning in 2010-11 are metal products (approximately Rs. 602,590 million), electronics (approximately Rs.487,050 million) and petroleum products (approximately Rs. 257,350 million). This would require significant expansion in supply of key raw materials for the proposed investment in infrastructure sector. Accordingly, several projects have been proposed by both private and public sector companies for creation of new capacity and expansion of existing plants. The process of commissioning of these projects would generate additional demand for machinery for these plants. The continued thrust on infrastructure creation and the planned funding of projects is expected to ensure a steady stream of order inflows for capital goods companies.

### ***Overview of Material Handling Systems Sector***

Material handling systems and equipment are classified as a part of the capital goods industry. The equipment manufactured includes bulk, powder and other solids handling systems for coal, ash and other raw materials and finished products including cement etc. The material handling equipment includes belt conveying systems, pneumatic conveying systems, crushing and screening equipment, coal/ore/ash handling plants and associated equipment such as stackers, reclaimers, ship loaders/unloaders, wagon tipplers, feeders etc. which cater to the needs of the core industries such as power, cement, port, mining, fertilizers and iron & steel.

The industry can be broadly divided into:

- Material Handling Systems; and
  - Bulk Material Handling
  - Unit Load Handling
- Ash Handling Systems.



## Bulk Material Handling

The bulk material handling systems are used in manufacturing industries for handling raw materials for manufacturing process. The purpose of a material handling facilities is to transport material from one location (*i.e.* a source) to another location (*i.e.* a destination). Providing storage and inventory control and to an extent material processing/blending is a part of a material handling systems as well. Material processing/blending refers to the process of converting raw material from a crude form to a form which can be used in the production.

Following are the industries and the relevant raw materials in respect of which material handling systems are used:

Industry	Typical Raw Materials
Power	Coal, lignite, biomass material like bagasse, rice husk, mustard husk, wood chips and ash (bottom ash and fly ash) from boiler
Steel	Iron ore, dolomite, feldspar, limestone, coal, coke
Cement	Limestone, coal, gypsum, lignite
Paper	Bagasse, wood chips, coal, lignite
Sugar, cogeneration	Coal, lignite, biomass material like bagasse, rice husk, mustard husk, wood chips
Other sectors such as Port	For loading or unloading of cereals, ores and minerals

## Unit Load Handling

Any material that has a defined physical shape and which has to be handled in a particular way so that it maintains its integrity is referred to as the unit load. The equipment used in unit load handling includes cranes, hoists, conveyors, fork lifts, trucks. In the same industries as mentioned above unit load systems are used for handling finished products:

Industry	Typical Finished Products
Steel	Rolled products, flat products
Cement	Cement bags
Paper	Paper bales, rolls, cartons
Sugar, cogeneration	Sugar bags
Other sectors	Cartons etc.

## Ash Handling

Ash handling in a power, cement or steel plant is extremely critical considering the environmental impact of any ash spillage during the storage and disposal of liquid or dry ash. The ash handling system utilizes different technologies including pneumatic conveying, slurry and pumping of ash in liquid state or solid conveying through conveyors.

### *Different ash handling applications*

Ash is collected in different locations of the boiler and depending on the type of ash, suitable technology is used. There are technologies available for providing ash handling solutions for both dry and wet conveying of ash. Set forth below are the different applications and services range which are part of the ash handling solutions.

Bottom Ash System - In the bottom ash system, water impounded ash is disposed or transported through a submerged scrapper or belt conveyor to a slurry slump or an ash pond or to a hydro bin. These conveyors are used for continuous removal of moist bottom ash.

Fly Ash System - Hydro sluicing equipment is used for slurry disposal of smaller units of ash. This is done through a pneumatic conveying system using either negative pressure (vacuum) or positive pressure.

Coarse Ash System - Coarse ash is collected in different coarse ash hoppers of boilers namely, economizer, air heater, duct and bed ash. This can be removed by any of the system adopted either for bottom ash or fly ash systems depending upon the quantity, quality and nature of the ash.

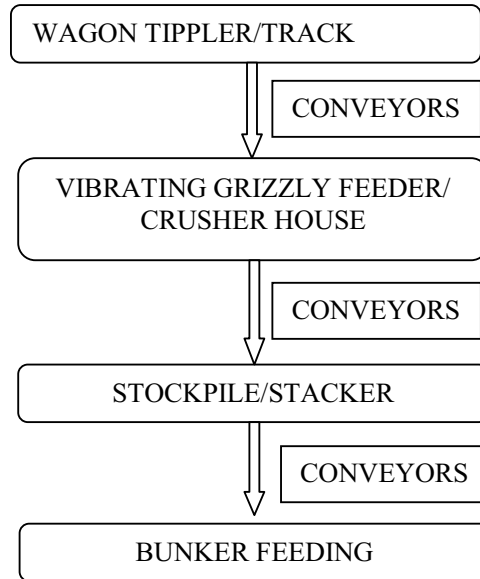
Ash Slurry Disposal System - Ash collected in different type of hoppers in the plant is disposed off or transported by jet pumping system. This is a conventional ash slurry disposal system by using centrifugal



pumps. This system is appropriate for high density and high concentration ash.

### **Material handling equipment**

A flowchart depicting a typical material handling system for handling raw material for a thermal power plant using rail siding is given below.



#### ***Conveyors***

Conveyors are used to convey material from one point to another inside a plant or from a mineral source (like mines /port) to a plant.

#### ***Stackers***

Stackers are used for making stock pile/buffer of raw material in a plant.

#### ***Reclaimers***

Reclaimers are used for reclaiming/ feeding the material from the stock pile to a conveyor at a regulated rate for usage in a plant.

#### ***Feeders***

Feeders are used to feed material on to belt conveyors at a regulated rate.

#### ***Trippers***

Trippers are used for discharging material sideways from a belt conveyor generally to make a stock pile.

#### ***Crushers***

Crushers are used for reducing the size of the material.

#### ***Screens***

Screens are used for segregating material on the basis of size.



### ***Ship Loader***

Ship loader is used for loading vessels continuously with bulk material.

### ***Ship Unloader***

Ship unloader is used for unloading vessels.

### ***Wagon Tippers/Track Hoppers***

Wagon tippler or track hoppers are used to unload material from rail wagons.

Other than the equipment listed above, there are other equipment such as cranes, lifts, trolleys and hoists which are also classified as material handling equipment.

There are a limited number of companies in the organised sector for the manufacture of material handling equipment. However, there are a numbers of units operating in the unorganised sector. As the pre-qualification requirements for contracts such as track record, technology availability and financials are stringent, there are high entry barriers for new entrants.. The Indian market for all typical material handling equipment is serviced by companies with turnovers ranging from a mere few million rupees to those which have sales of a several hundred million rupees. The material handling equipment industry caters to core industries such as coal, steel, cement, fertilizers, mining, ports, power and petrochemicals. The prospects of the industry primarily depend on the growth and investment in the end user industries.

### **Industry Growth and Prospects**

The market prospects for material handling industry looks promising and the industry is expected to grow over the next 10 years at a rate which is linked to the growth expected in the core industries such as coal, steel, cement, fertilizers, mining, ports, power and petrochemicals. India is in the midst of a substantial overhaul in infrastructure, with large investments required to maintain its targeted GDP growth of 9% and above. The strong resurgence seen in investment demand has driven India's industrial growth which rose to 9.6% for April-January, 2009-10 against 3.3% during the same period in previous year (*Source: www.finmin.nic.in*). This has facilitated a robust increase in order book for the material handling sector.

The setting up of green field projects and brown field expansions in power, steel, cement sectors provide opportunities for larger size contracts. Other sectors like coal mining, sugar, cogeneration and paper are also expanding their existing facilities and setting up new plants. Capacity creation in the following sectors will be driving growth of the material industry in the coming years:

#### ***(a) Power Sector***

The power sector in India has historically been characterized by energy shortages. According to the CEA monthly Power Sector report, demand for electricity in India exceeded supply by 10.8% for April – February, 2009-10 and peak deficit for the same period was 12.6%. It is anticipated that by the year 2012, India's peak demand would be 152,746 MW with energy requirement of 969 billion units.

The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India. The GoI has set an ambitious target of providing "Power for All" by 2012. According to Eleventh Plan, a capacity expansion of 78,700 MW has been planned, of which 75.85% (59,693 MW) is proposed to be generated from thermal power. A capacity addition of about 100,000 MW from conventional power projects is required during the Twelfth Plan to meet the pan-India demand projections of 17<sup>th</sup> Electric Power Survey by CEA.

#### ***Capacity under construction for benefits during the Eleventh Plan***

(in MW)

	Thermal		Hydro		Nuclear		Total		
Sector	UC	C	UC	C	UC	C	UC	C	Total
Central	15960	3740	2692	1030	2940	440	21592	5210	26802
State	12640	6711	691	2401	-	-	13331	9112	22443



<b>Private</b>	17196	4990	3533	-	-	-	20729	4990	25719
<b>All India</b>	45796	15441	6916	3431	2940	440	55652	19312	74964

(Source: [http://www.cea.nic.in/thermal/project\\_monitoring/Summary.pdf](http://www.cea.nic.in/thermal/project_monitoring/Summary.pdf))

UC: Under Construction; C: Commissioned

As per CEA estimates, power generation capacity in the electricity industry is expected to rise by 24,882 MW in 2010-11. If achieved, this will be the highest capacity addition witnessed in any year. Of the expected capacity, nearly 85% (21,097 MW) is expected to come from the thermal power segment which will take the thermal power capacity in India to 121,574 MW.

Currently, India pursues all available fuel options and forms of energy both conventional and non-conventional, as well as new and emerging technologies and energy sources. As per the Integrated Energy Policy, in order to deliver a growth rate of 8% through 2031-32 and to meet the lifeline energy needs of all citizens, India needs, at the very least, to increase its primary energy supply to nearly 800,000 MW by 2031-32. It is anticipated that coal will remain India's most important energy source until at least 2031-32. Therefore, power sector is expected to remain a key market for material handling and ash handling sectors over the next two decades. Further the opening up of coal mining in private sector and setting up of coal washeries will provide an excellent opportunity to the material handling industry.

According to CMIE estimates, over 0.15 million MW of power generating capacities are scheduled to be added in the country by March 2013. With a host of power generation capacities being set up in the country, the demand for services and products of the companies involved in setting up power plants is expected to be high in the coming years. There is expected to be a significant demand for power plant related machinery and equipment. In 2010-11, boiler production is expected to rise by 22%. The output of turbines also is also expected to rise by 33.3% during the year. Growth for power equipment will primarily be driven by increasing demand from power generation companies and will be aided by capacity additions by equipment manufacturers.

Setting up a power plant involves awarding contracts for the works for various packages of the power plant. These contracts are critical to the timely commissioning of the power project and are a critical factor in achieving the Five year Plan targets set by the GoI. The major components in setting up a power generation plant are the BTG set and the Balance of Plant package. These contracts may be individually awarded by the generating company or may be sub contracted by means of engaging an EPC contractor.

#### *Engineering, Procurement and Construction*

In order to ensure the timely execution of the project, the services of an engineering, procurement and construction contractor are generally employed. The EPC contractor undertakes the turnkey execution of the project usually on a fixed time and fixed price basis, while guaranteeing the performance of the power plant in accordance with the specifications stipulated by the developer.

#### *Industry Scenario for Power Project Components*

Given below are the key components of a power project and the industry scenario for each. This list includes boilers and turbines, as well as components provided in the BoP packages.

#### Boilers-Turbines-Generators ("BTG")

- Boilers

The Indian boilers industry has the capability to manufacture boilers with super critical parameters upto 1,000 MW unit size. Bharat Heavy Electricals Limited ("BHEL") is the largest manufacturer of boilers in India, with a significant market share in India. It has the capability to manufacture boilers for super thermal power plants, apart from utility boilers and industrial boilers. Lack of adequate number of players for supplying boilers is one of the main reasons for capacity addition slippages. Several companies are in the process of setting up manufacturing facilities in India by forming joint ventures for supplying boilers.



- Turbines and Generator Sets

The Indian industry has established a manufacturing capacity of various kinds of turbines of more than 10,000 MW per annum. BHEL has the largest installed capacity in India. There are units in the private sector also which manufacture steam and hydro turbines for power generation and industrial use.

As per CMIE estimates, an upswing in fresh orders received during the December 2009 quarter led to a surge in the BTG industry's order backlog. Its order book position at the end of the December 2009 quarter stood at approximately Rs. 1,477,410 million, equivalent to almost four times the previous four quarter sales.

### ***Balance of Plant ("BoP")***

The Balance of Plant Package includes all the components required to set up a power plant other than the BTG components. The BoP contract typically includes packages for ash handling plant, coal handling plant, water treatment/ demineralized water plant, cooling towers, chimneys, civil construction, switchyard and electrical package etc. Among these, ash and coal handling continue to be critical areas which have suffered from the lack of adequate number of players.

As per CEA information, there are limited number of companies in India who qualify for supplying BoP packages which is resulting in delay in supplies and project execution. The number of vendors available for providing key BoP packages as of August, 2009 is as follows:

<b>Name of BoP</b>	<b>No. of vendors</b>
Coal Handling Plant	8
Ash Handling Plant	9
Demineralized Water Plant	5
Cooling Towers	5
Chimneys	4
Water Treatment Plant	5
Fuel Oil Systems	4

(Source: [www.cea.nic.in](http://www.cea.nic.in))

CEA and the Ministry of Power have, therefore, recommended that more vendors for BoP are required to be developed. In order to address this issue, government has recently taken steps to empanel new vendors of BoP equipment like ash handling plant, coal handling plant, water treatment plant including DM Plant, etc. and expand their geographical spread to overcome constraints related to timely completion of BoP. On request of utilities, the prequalification requirements for BoP suppliers were reviewed by CEA and revised to allow new entrepreneurs to qualify (Source: CEA, Base Paper: *International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for 12<sup>th</sup> Plan & Beyond, August 2009*). As per the revised CEA guidelines issued in November 2009, the key pre-qualification criteria for securing a BoP order from government agencies, include:

1. (i) The bidder should have executed contracts on EPC basis for at least one coal based/lignite based/gas based combined cycle power plant of installed capacity not less than 100 MW for plant capacity upto 1,200 MW and 200 MW for plant capacity beyond 1200 MW which has been commissioned during the last 10 years and has been in successful operation for a period of not less than one year as on seven days prior to the date of opening of the bid. The scope of work of such reference plant should have necessarily included engineering, supply, installation (with all associated mechanical, electrical, civil and structural works), testing and commissioning on turnkey basis of either:
  - (a) Main power plant equipment (Boiler - Turbine-generator or Gas Turbine- HRSG - STG) with all associated integral auxiliaries; *or*
  - (b) Coal/lignite handling plant, ash handling plant, cooling tower and water system (raw water/DM plant /circulating water system /auxiliary cooling water system) of a coal/lignite based power plant. Experience of these BoP packages in industries (steel plant / aluminium, zinc or copper plant /gas or nuclear plant/municipal water treatment and distribution) of specified capacity for individual BoP package.





- (ii) Alternatively, the bidder shall be a joint venture company incorporated in India and registered under the Companies Act, provided that eligibility criteria mentioned at para 1 (i) above is met by one of the promoters or jointly by more than one promoter. Each promoter company on the basis of whom the joint venture company gets qualified shall have minimum 26% equity in the JV company.
2. The bidder can submit the bid in his individual capacity or in consortium with other partner(s). In case of consortium, number of consortium partners should be limited to five and all consortium partners should jointly meet the requirement of Clause 1(b) above. International consortium partner is also acceptable. One of the consortium partners shall be the consortium leader. The consortium leader should either have executed any one of the items of Para 1(i)(b) or EPC projects in the area of power, steel, fertilizer or any other process industry of contract value of at least Rs. 2,000 million (for projects up to 1,200 MW)/Rs. 4,000 million (for projects beyond 1,200 MW).
3. The average annual turnover of the bidder/consortium leader should be at least Rs 4000 million during the preceding three consecutive years. Net worth of the bidder/consortium leader as on the last day of the preceding financial year shall not be less than 100% of the paid up share capital.

As on November 3, 2009 the following orders for the BoP packages had been placed and as per the estimated capacity addition in the Eleventh Plan, around 62 orders for BoP packages were yet to be placed.

Name of BoP	BoPs required for Projects Under Construction	Order already Placed	Balance order to be Placed
Coal Handling Plant	54	46	8
Ash Handling Plant	56	48	8
Demineralized Water Plant	58	48	10
Cooling Towers	111	102	9
Chimneys	79	71	8
Fuel Oil System	56	47	9
Pre Treatment Plant	61	51	10
Total	475	413	62

(Source: CEA report on Project Monitoring, 127<sup>th</sup> Quarterly Review)

As per CEA estimates, 74,000 MW and 2,500 MW of coal based power plants and lignite based power plants are proposed to be added in Twelfth Plan. Accordingly, the tentative estimated requirements for BoP during the Twelfth Plan are as given below:

System	BoP Requirements
Coal Handling Plant	148
Ash Handling Plant	148
Demineralized Water Plant	211
Cooling Towers	218
Chimneys	77
Fuel Oil System	148
Pre Treatment Plant	160

(Source: CEA, Base Paper: International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for 12<sup>th</sup> Plan & Beyond, August 2009)

The key packages in BoP contract are as follows:

- Coal handling Systems

Coal handling systems are required for feeding coal to the bunkers in the coal fired thermal power plants and in plants using boilers for steam generation. The major orders placed for coal handling plant for thermal power plants as of August 2009 are given in the table below.



S No.	Company	No. of orders
1.	Tecpro Systems Ltd.	11
2.	L & T Ltd.	7
3.	Elecon Engineering Co. Ltd.	6
4.	TRF Ltd.	3
5.	ThyssenKrupp Industries India	3
6.	Others	27 <sup>@</sup>
	Total	57

(Source: [www.cea.nic.in](http://www.cea.nic.in))

@ Includes single EPC contracts for BoPs which may have further awarded sub-contracts to the above vendors

- **Ash Handling Systems**

Ash conveying in a power plant is extremely critical considering the environmental impact of the ash spillage and storage and disposal. The major orders placed for ash handling plant for thermal power plants as of August 2009 are given in the table below.

S No.	Company	No. of orders
1.	Indure Pvt. Ltd.	12
2.	Mecawber Beekay Pvt. Ltd.	11
3.	Tecpro Systems Ltd.*	9
4.	D C Industrial Plant Services Pvt. Ltd.	5
5.	McNally Bharat Engineering Co. Ltd.	3
6.	Others	19 <sup>@</sup>
	Total	59

(Source: [www.cea.nic.in](http://www.cea.nic.in))

\* Includes orders awarded to Tecpro Ashtech Limited previously known as Mahindra Ashtech Limited, now merged with Tecpro Systems Limited.

@ Includes single EPC contracts for BoPs which may have further awarded sub-contracts to the above vendors

- **Cooling Towers**

The primary task of a cooling tower is to reject heat into the atmosphere. They represent a relatively inexpensive and dependable means of removing low-grade heat from cooling water.

- **Chimneys**

When burnt, the coal produces polluting gases that need to be discharged at an elevation high enough to dilute the pollution and to keep it within acceptable limits at ground level. An adequately designed tall chimney serves this purpose.

- **Water treatment**

Water treatment is required to provide the physical plant with properly treated water in sufficient quantities to meet plant needs. Water used in the cooling towers is generally disposed off at temperature 4-5° C above the prevalent surface water temperature, which can harm the local aquatic biota. In order to avoid such thermal pollution, the power plants dispose off the effluent by means of a long and open channel, due to which the temperature of the effluent comes down to the level of that of the surface water by the time it reaches the receiving body.

## **Growth drivers for MHE Sector**

### **Benefits under Mega Power Policy**

The Ministry of Power formulated the Mega Power Policy in 1995 for encouraging setting up of power plants of capacity of 1,000 MW or more to supply power to more than one states.

Under the Mega Power Policy, the domestic manufacturers supplying capital goods to Public Sector Mega Power Projects of more than 1,000 MW certified by the Ministry of Power would get the following benefits:



- a. Domestic manufacturers under the policy for Mega Power Projects, under International Competitive bidding would be accorded price preference. The price preference to be given to the domestic manufacturers has been fixed at 15%. For evaluation and comparison of bids, the bid price of the bidders would be increased by 15% for the capital goods supplied from abroad contained in the price bid.
- b. Supplies made to Mega Power Plants would be exempt from sales tax and local levies by the state government.

### Initiatives in Captive Power Development

Captive Power refers to generation from a unit set up by industry for its exclusive consumption. The estimates on captive power capacity in the country vary with the CEA putting the figure at about 19,509 MW as on February 28, 2010.

The Electricity Act provided impetus to captive power generators by exempting them from license requirements. This resulted in an increase in captive power capacity additions by industrial units. Reliability of power supply and better economics are other factors pushing industries to opt for captive generation. As per CEA estimates, around 12,000 MW of captive power capacity may get commissioned in Eleventh Five Year Plan.

### Development of Ultra Mega Power Projects ("UMPP")

The Ministry of Power in the year 2006 has launched an initiative of development of coal based UMPPs with a capacity of 4,000 MW each on tariff based competitive bidding. UMPPs are either pit head based projects having captive mine block or coastal projects based on imported coal. Nine UMPPs of 4,000 MW each have originally been identified for development under the international competitive bidding route. Four UMPPs, namely Sasan in MP, Mundra in Gujarat, Krishnapatnam in Andhra Pradesh and Tilaiya in Jharkhand have already been awarded. One 660 MW unit of the Sasan UMPP and two 800 MW units of the Mundra UMPP are expected to be commissioned in the Eleventh Five Year Plan (*Source: Ministry of Finance: Economic Survey, 2009-10*).

### (b) Steel Sector

According to the Ministry of Steel, India is currently the fifth largest producer of crude steel in the world and is expected to become the second largest producer by 2015-16. India is net importer of steel and with the government emphasis on development of infrastructure, steel demand is going to increase substantially in the coming years. As per Annual Report 2009-10 of the Ministry of Steel, domestic consumption was at 40.997 MT during April-December 2009-10 (provisional) and increased by 7.8% indicating further strengthening of demand as compared to the corresponding period in financial year 2009. In order to boost the development and expansion of the industry, the National Steel Policy was formulated in 2005 as a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The National Steel Policy seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 MT by 2019-20. According to the Ministry of Steel, these estimates will be largely exceeded and it has been assessed that, on a most likely scenario basis, the crude steel production capacity in the country by the year 2011-12 will be nearly 124 MT.

As per Annual Report 2009-10 of Ministry of Steel, the present per capita consumption in the country is only around 47 kg (2008) against the world average of 190 kg and that of 400 kg in the developed economies. In response to favourable government policies and considering the huge domestic potential, several domestic and foreign firms have shown a great deal of interest for setting up steel capacities in the country. 222 MoUs have been signed with various states for planned capacity of around 276 MT as given in the table below:

State	No. of MoUs Signed	Capacity (in MT per annum)
Odisha	49	75.66
Jharkhand	65	104.23
Chattisgarh	74	56.61
West Bengal	12	21.00
Other States	22	18.20
<b>Total</b>	<b>222</b>	<b>275.70</b>

(Source: Annual Report 2009-10, Ministry of Steel)



Imports of foreign technology as well as foreign direct investment are freely permitted up to certain limits under automatic route. The liberalization of industrial policy has given a definite impetus for the private sector in the steel industry. While the existing units are being modernized/expanded, a large number of new steel plants have also come up.

As India is one of the lowest cost producers of steel in the world, it is an attractive destination for investment opportunities across the value chain. For the Eleventh Five Year Plan (2007-12), the Planning Commission has approved total outlay of Rs. 4,56,070 million. The rejuvenated steel market in the country has already witnessed announcements of mega expansion plans of leading domestic producers in the form of greenfield and/or brownfield projects in different parts of the country. As per CMIE estimates, the steel companies will add 10.3 MT of capacity in 2010-11, which will push up their total capacity by 15%. Thirteen steel projects worth approximately Rs. 909,550 million were announced during January 1, 2010 to February 15, 2010. Among these are Posco's Rs. 323,000 million steel project in Karnataka and Rs.100,000 million project in West Bengal adding 7.5 MT per annum steel production capacity through these projects. The other large project has been announced by Surya Vijaynagar Steel for setting up a 5 MT per annum steel plant at a cost of Rs.200,000 million. SAIL has also announced a capital expenditure plan to expand its hot metal capacity to 20 MT per annum by 2012 as against its current capacity of around 13 MT per annum.

#### **(c) Cement**

According to Cement Manufacturers' Association, India is the second largest cement producer in the world with a total capacity of 219 MT at the end of financial year 2009. With the Government of India giving boost to various infrastructure projects, housing facilities and road networks, the cement consumption in India is expected to continue growing in the coming years.

Domestic demand plays a major role in the growth of cement industry in India. Cement demand growth exhibits a strong correlation with the overall GDP growth, indicating its dependency on capital formation and GDP growth. In fact the domestic demand of cement has surpassed the economic growth rate of India. Over the last several years, cement demand in India has always grown at more than 7%. The primary factor driving the demand for cement is the quantum of construction activity taking place in the economy. Continuing demand for cement from the construction sector translates into higher per capita consumption. Moreover, as India is one of the fastest growing economies, it is also one of the most attractive markets for cement manufacturing companies. Although the growth of cement consumption had slowed down in last few years, there has been reversal in the trend in the last fiscal year with the sector witnessing growth of 12.3% for first half of financial year 2010 against 5.5% for the same period in financial year 2009 (*Source: Mid-Year Review 2009-10, Ministry of Finance*).

During April-October 2008-09, the production of cement in India was 101.04 MT comparing to 95.05 MT during the same period in the previous year. Due to the economic slump beginning 2008, a situation of over-supply was seen in the sector. But trends have shown demand picking up in the first quarter of fiscal 10. As per CMIE estimates, cement production capacity is expected to increase by 13.7 per cent to 317 MT in 2010-11. The industry will add 38.4 MT of fresh capacity during the year, after adding 26.3 MT in 2008-09 and 52.3 MT in 2009-10.

#### **(d) Other Sectors**

The following sectors are expected to provide additional thrust:

**Port sector:** The port sector has been slow to catch up with the growth in the infrastructure sector. The setting up of new power, steel and other industrial plants near coastal areas and with the establishment of good connectivity this sector is expected to see increased investment in the years to come. Plans have been laid to privatise or bring BOT operators in this area and next few years will see a major growth. During 2009-10, an additional capacity for handling 10 MT of cargo has already been added. Addition of another 17.50 MT capacity is envisaged by March 2010.

**Sugar and Co-generation:** The material handling projects in sugar sector are chiefly the bagasse based cogeneration plants set up by sugar mills. The viability of the sugar mills improve with cogeneration helping them to sell power generated from the bagasse after crushing sugar cane. The sugar plants in Karnataka, Uttar Pradesh and Maharashtra are putting up new cogeneration plants and also expanding the existing ones. Further,



new sugar mills expected in UP and Bihar with cogeneration will provide added potential in this sector.

*Paper:* In the recent years, Indian paper industry has mirrored the growth in GDP and is expected to grow at multiple times of GDP growth. As per Indian Paper Manufacturers Association estimates, paper consumption is expected to grow at a CAGR of 9% till 2012-13. More than Rs. 130,000 million of capital expenditure is targeted at capacity expansions, modernizations and enhancement of efficiencies etc. by members of Indian Paper Manufacturers Association.

### **Technical Collaborations**

Material handling industry is a technology intensive industry involving extensive research and introducing new products with improved technology at regular intervals. Developing a new product from scratch can be very expensive and time consuming. Therefore, the cost of setting up a R&D facility can be very high and may not be economically viable for most of the companies present in the sector. Moreover, the projects undertaken are becoming larger and more complex requiring advanced designing and advanced technology. This has led to more stringent pre-qualification requirements for suppliers as the clients prefer vendors having technical capabilities for supplying the required products and executing projects as per clients' specifications. As such, capability of providing customized solutions and access to advanced technologies can be a significant differentiator.

To overcome these obstacles, Indian material handling sector has seen a number of technical collaborations with foreign companies which enables companies to increase their quality levels, introduce new and innovative products in their local markets and have the capability of undertaking turnkey projects without a very significant investment in R&D. Also, as the material handling industry is technologically intensive in terms of designing the equipment to meet client specifications, a foreign collaboration provides the necessary designs and at times certain critical components that are not manufactured in India. Collaboration with a foreign company with superior technical knowledge provides an edge to Indian companies and helps them in participating in larger and more complex projects.



## OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in “Risk Factors” on page xi.*

*In this section, a reference to the “Company” means Tecpro Systems Limited. Unless the context otherwise requires, references to “we”, “us”, “our” or “Tecpro Systems” refers to Tecpro Systems Limited and its Subsidiaries, taken as a whole, including the business of Tecpro Ashtech Limited prior to April 1, 2009.*

### Overview

We are an established material handling company in India, engaged in providing turnkey solutions in material handling, ash handling, balance of plant (“**BoP**”) and engineering, procurement and construction (“**EPC**”) contracts. In our flagship business of material handling solutions, we design, engineer, manufacture, sell, commission and service a range of systems and equipment for the core infrastructure related sectors like power, steel, cement and other industries. Over the years we have developed in-house capabilities for providing comprehensive solutions in material handling and ash handling systems. With a vision to build an integrated business serving the power sector, we have expanded into various complimentary businesses across different segments of the power sector. Based on publicly available information, in fiscal 2009, we believe that we were amongst the largest companies in the material handling industry in comparison to our competitors who are currently listed on the stock exchanges in India. According to information available on the website of the Central Electricity Authority (<https://www.cia.nic.in>), as of August 2009, our Company has received the highest number of orders for coal handling plants during the Eleventh Five Year Plan (2007-2012). We were also awarded the “Emerging India 2007” award in the infrastructure sector in 2007 by ICICI Bank and CNBC TV18.

Our Company was incorporated in 1990 and is promoted by Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani who are first generation entrepreneurs with more than 25 years of experience in the material handling industry. Our Company started operations in the material handling business in 2001 and up to March 31, 2010 we have executed 1,007 material handling orders and currently we have 225 material handling orders under execution. In order to expand our scope of services, we have integrated the ash handling business of Tecpro Ashtech Limited (“**TAL**”, previously known as Mahindra Ashtech Limited) with our existing material handling operations pursuant to the merger of TAL with our Company (the ‘**Ashtech Amalgamation**’). TAL had been engaged in the business of ash handling systems for over 40 years. For details of the Ashtech Amalgamation, please see “**History and Certain Corporate Matters- Schemes of Amalgamation**” on page 95.

Leveraging our capabilities in coal handling and ash handling and our established project management track record, we have begun to focus on turnkey BoP contracts in the thermal power generation sector. The scope of our services for BoP contracts includes design and engineering, manufacturing and sourcing of equipment and packages, project management and commissioning. We believe that our ability to provide coal handling and ash handling solutions in-house, which forms a substantial part of the BoP contracts, provides us with a competitive advantage in terms of cost, quality and execution timeline. We were awarded our first BoP contract worth Rs. 9,930 million by the Chhattisgarh State Power Generation Company for a 1x500 MW thermal power plant at Korba West in August 2009 through a consortium led by our Company.

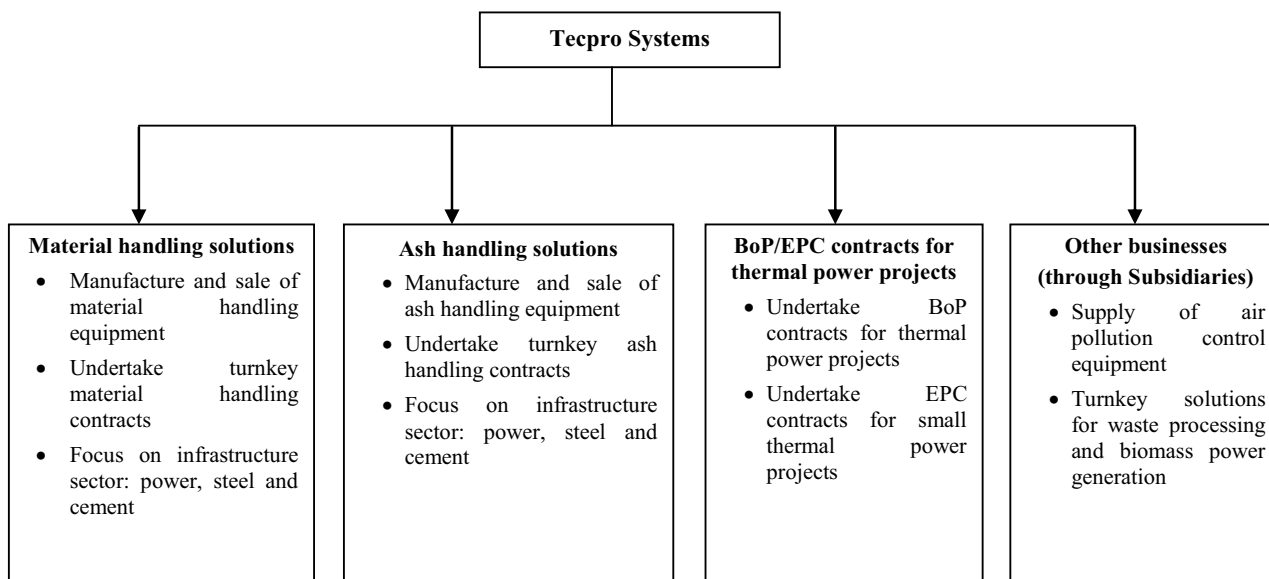
We have also entered the EPC segment for thermal power projects in 2007, in which we manage the erection and commissioning of the boiler, turbine and generator (“**BTG**”) packages along with undertaking the engineering, design, supply and commissioning of other equipment and services in an EPC contract. We either collaborate or outsource to a third party supplier for providing BTG packages in relation to our EPC contracts. Currently, we undertake EPC contracts for small thermal power plants.

We have entered into technical collaborations and license agreements with several international companies which strengthen our technical credentials and provide us access to advanced technologies, allowing us to offer customized solutions to our clients’ specific requirements. We have seven collaborations for various material handling equipment and technologies, and three collaborations in relation to our ash handling operations. Some of our technical collaborations include FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany and Hein, Lehmann, Trenn-und Fordertechnik GmbH, Germany for material handling equipment and with Xiamen Longking Bulk Materials Science and Engineering Company Limited in relation to dry bottom ash handling system and pneumatic coal mill reject handling system for which Longking provides technical assistance.

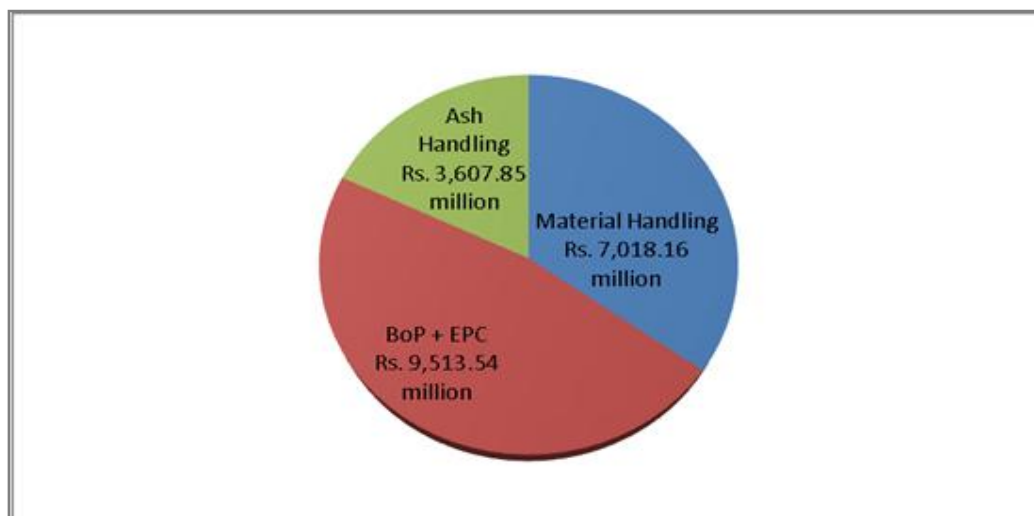


Our operations are spread across India with our operations head office in Chennai and design, engineering and marketing offices at Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, and Bangalore. In addition, through our Subsidiaries Tecpro International FZE in Dubai, UAE and Tecpro Systems (Singapore) Pte. Limited in Singapore and marketing office in Johannesburg, South Africa, we are catering to the needs of the Middle East, South-East Asia and the African markets, respectively. We have four manufacturing facilities out of which three facilities are located at Bhiwadi, Rajasthan and one at Bawal, Haryana. We were accredited with the ISO 9001 in 2003 from QMS Certification Services for our quality management system.

The activities being undertaken by our Company consists of the following complementary businesses for providing a range of products and services.



Our Order Book represents our estimated revenue for ongoing projects and new contracts awarded to us. We had an Order Book of Rs. 20,139.55 million and Rs. 12,528.61 million as on March 31, 2010 and March 31, 2009, respectively. We were awarded additional contracts of Rs. 3,620.04 million in material handling, Rs. 2,595.70 million in ash handling and an order for BoP worth Rs. 9,930.00 million, which was awarded to a consortium led by our Company, during the period between April 1, 2009 and March 31, 2010. Order Book break up of the Company in material handling, ash handling, BoP and EPC as on March 31, 2010 is given below:







Set forth below is a break-up of our Order Book positions in power, steel, cement and other sectors as on March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007.

	<i>(Rs. in million)</i>			
	<b>March 31, 2010*</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>	<b>March 31, 2007</b>
Power	15,949.32	6,641.65	6,726.09	1,990.14
Steel	2,134.54	3,956.63	1,533.50	992.91
Cement	636.14	374.84	558.27	1,134.29
Others	1,419.55	1,555.49	850.98	645.35

*\*post merger of TAL and TPSL with our Company*

In recent years, we have been able to expand our operations substantially growing at a compound annual growth rate of 86.44% over the last three fiscal years. In fiscal 2009, fiscal 2008 and fiscal 2007, our consolidated income (excluding the revenue generated by TAL prior to the Ashtech Amalgamation) was Rs. 7,993.06 million, Rs. 5,046.52 million and Rs. 2,299.57 million, respectively. Over the same period, our compound annual growth rate for profit after tax has been 66.21% and our restated consolidated net profit was Rs. 556.46 million, Rs. 407.70 million and Rs. 201.43 million for fiscal 2009, fiscal 2008 and fiscal 2007, respectively. For the seven months period ended October 31, 2009, our consolidated income and restated net profit were Rs. 5,033.18 million and Rs. 118.00 million, respectively, which included our income from providing ash handling solutions pursuant to the Ashtech Amalgamation. For details of income of TAL prior to merger with our Company, please see “*Financial Information of Teapro Ashtech Limited*” on page 311.

## **Our Strengths**

### ***Project management expertise and established track record of project execution***

Since commencement of our operations in 2001, we have a project management track record of successfully executing over 684 material handling projects in diverse sectors. As of March 31, 2010, we have installed up to 325 kms of conveyor belts and up to 24 kms of vertical lifts in relation to our material handling business. Additionally, pursuant to the Ashtech Amalgamation, TAL which was engaged in the business of ash handling systems since last 40 years, has merged with our Company. The Ashtech Amalgamation was envisaged to create a single entity which would carry on businesses of material handling and ash handling that are integrated and complimentary in nature. The merger would also help the management to achieve greater integration and better financial strength which would result in improving the competitive position of the combined entity. In the power sector, we have been engaged in and provided turnkey material handling solutions in several thermal power projects aggregating up to 10,800 MW of installed capacity since commencement of our operations.

We believe that our established track record has helped us in developing project management skills for executing projects in a time and cost effective manner. Our pan-India presence with design, engineering and marketing offices in seven major cities provides us wide reach and operational flexibility which helps us expedite our equipment and personnel reallocation in response to our business or customer requirements. We believe that our project execution capabilities have enabled us to establish long term relationships with our clients and receive repeat orders from them. As of March 31, 2010, we have received repeat orders from 135 clients for 1,149 orders since 2001 which we believe is a testimony to our execution track record and relationship with our clients.

### ***Robust Order Book***

Our Order Book represents our estimated revenues from ongoing and new contracts awarded to us. Our consolidated Order Book as on March 31, 2010 was Rs. 20,139.55 million, as compared with Rs. 12,528.61 million as at March 31, 2009 and Rs. 9,668.84 million as at March 31, 2008. We believe that the consistent growth in our Order Book position is a result of our performance track record and ability to successfully market our services to existing and new clients. The composition of our Order Book is diversified across PSU and private sector clients. Currently, we are currently executing 69 projects for PSU clients and 188 projects for private sector clients.



### ***Strong in-house design and manufacturing capabilities***

Currently, we have four manufacturing facilities out of which three facilities are located at Bhiwadi, Rajasthan and one at Bawal, Haryana. We manufacture stackers, reclaimers, crushers, screens, feeders and fabricated structures at our factory in Bawal, Haryana. Our plant at Bhiwadi, Rajasthan has facilities for manufacturing pulleys, idler, rollers, structures, feeders, screens, conveyor systems, conveyor components, crushers and screen parts. We also have a casting unit in Bhiwadi, Rajasthan for both material handling and ash handling equipment and a manufacturing unit of ash handling equipment in Bhiwadi, Rajasthan. Over the years, we have also developed extensive in-house mechanical, electrical, civil, design and engineering capabilities with an established track record of executing turnkey projects in the power, steel and cement industries. We have an in-house design and engineering team, consisting of 286 engineers and experienced project management team which gives us control of the entire process, from conceptualization to commissioning of a given project which helps us in providing customized solutions as per our clients' specific requirements. Our design, engineering and marketing teams are spread across offices at Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, Chennai and Bangalore which provides greater flexibility and efficiency. We believe that our ability to design, manufacture and commission material handling and ash handling systems in-house provides us with a competitive edge and helps reduce costs and execution time.

### ***Technical collaborations and alliances with international manufacturers***

We have technical collaborations and license agreements with international companies including FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany, Maschinenfabrik Liezen und Giesserei GmbH, Austria, PEYTEC Material Handling GmbH, Austria and Won Duck Industrial Machinery Company Limited, Korea. These collaborations and alliances provide us access to advanced technologies and expertise developed by these companies which along with our project management, engineering and construction capabilities and our knowledge of the Indian market enable us to provide effective solutions for our clients. We believe that our collaborations with such international companies strengthen our technical credentials and allows us to offer superior solutions to our customers.

### ***Experienced management team***

We have an experienced management team led by our Promoters, Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani, each of whom has more than 25 years experience in the material handling industry. Our senior management team includes former senior employees from McNally Bharat Engineering Company Limited, Texmaco Limited, Fenner (India) Limited and Cimmco Birla Limited. We believe that our management team is well qualified with significant industry experience and has been responsible for the growth in our operations. For example, our Promoters acquired Mahindra Ashtech Limited in June, 2008, which had made significant losses in fiscal 2004, fiscal 2005 and fiscal 2007, and subsequent to acquisition, TAL (previously known as Mahindra Ashtech Limited) recorded a profit after tax in fiscal 2009. For details of income of TAL, please see "***Financial Information of Tecpro Ashtech Limited***" on page 311. We believe that the experience and relationships that our management team has, have extended our operating capabilities, improved the quality of our services and facilitated access to our clients.

### ***Well-positioned to capitalize on the growth opportunities in the power sector in India***

The power sector in India has historically been characterized by power shortages that have consistently increased over time. According to the CEA October 2009 Report, the total peak shortage was 14,672 MW from April 2009 to October 2009. As per the IEP Report, the Expert Committee on Power, in the Eleventh Plan (2007-2012), a capacity addition of 71 GW and 84 GW, assuming an 8.0% and 9.0% GDP growth rate, respectively, would be required by 2012. Given our experience in the coal handling and ash handling solutions which form a substantial part of the BoP projects in power sector and our project management track record, we believe that we are well-positioned to capitalize on this growth opportunity in the power sector.

### ***Our Business Strategies***

Our objective is to continuously improve upon and consolidate our position in providing turnkey solutions in material handling, ash handling, and executing BoP and EPC contracts for thermal power projects. We plan to achieve this by implementing the following strategies:



### ***Focus on material and ash handling and BoP contracts in the power sector***

The deregulation of the power sector pursuant to the Electricity Act, 2003, as amended and subsequent reforms including 100% FDI through automatic route, have generated significant growth opportunities in the Indian power sector. As per the IEP Report, the Expert Committee on Power, in the Eleventh Plan (2007-2012), a capacity addition of 71 GW and 84 GW, assuming an 8.0% and 9.0% GDP growth rate, respectively, would be required by 2012. We believe that GoI's focus and sustained budgetary allocation for infrastructure in power sector and increased funding by international and multilateral development financial institutions in the power sector will result in sustained demand for material handling and infrastructure requirements in the power sector. We intend to capitalize on this demand and expand our operations and move up the value chain in the power-infrastructure sector.

We seek to focus on the opportunities available in the material handling and ash handling solutions as well as undertake EPC and BoP contracts in the power sector. We have entered the BoP segment having secured the BoP order in 2009 from CSPGCL for the Korba West Thermal Power Project of 1x500 MW (Extension Stage - III). We seek to develop our capabilities in this segment by successfully executing BoP projects in consortium and building a track record to bid for large BoP and EPC contracts, as the lead contractor on such projects and deploy our resources more efficiently and improve operating margins. For certain large value projects, we also plan to form strategic alliances with relevant experienced and qualified sub-contractors.

### ***Acquire expertise in related systems through technical tie-ups and inorganic growth***

By leveraging our core expertise in providing material handling and ash handling solutions, we seek to become a leading BoP player in the power sector by integrating our services and expanding our product portfolio. Currently, we provide material handling and ash handling systems in-house, which form a substantial part in a BoP contract, and source the remaining packages. However, we intend to move towards providing more value added engineering services and improve our manufacturing and project execution capabilities. Accordingly, we propose to manufacture and commission water treatment plants and cooling towers in-house for our BoP contracts. Further, we also intend to foray into supply and commissioning of coal washeries and port handling operations. In order to acquire technical expertise in manufacturing such water treatment plants, cooling towers or coal washeries, we may enter into technical collaborations or strategic tie-ups with international companies with advanced manufacturing technologies or acquire any existing companies with such technical expertise in order to consolidate our operations in the power infrastructure sector. We believe this will enable us to provide more cost efficient and time effective services and help us to expand our business operations and increase our margins.

### ***Increase our product offerings***

We undertake turnkey projects for our clients including BoP and EPC contracts for thermal power plants. For some projects we buy certain equipment that we do not manufacture; or we bid with a partner who has the capability to supply such packages. We intend to increase our product range of material handling equipment like stackers, reclaimers of different sizes and decrease our dependence on external manufacturers and suppliers. We intend to focus on manufacturing equipment which enables us to increase our profit margins and/or are critical to our projects to reduce our dependence on third party suppliers. We believe that this will enhance our capability to execute our projects in a timely manner and improve our profitability.

### ***Continue expansion in both domestic and international markets***

We seek to expand and enhance our presence in our existing business segments by identifying markets where we can provide cost effective, technically advanced solutions to our clients thereby distinguishing ourselves from our competitors. We have established subsidiaries in Singapore and Dubai and we intend to leverage our presence in Singapore, Dubai and Johannesburg to expand into emerging markets such as Africa and South East Asia. We have recently received an order from Vietnam Machinery Installation Corporation for the design, manufacture, supply, installation and commission of ash handling systems for a 1,200 MW Vung Ang 1 coal-based thermal power plant in Vietnam. We are also actively looking for international opportunities in the infrastructure sector in power, steel and cement industries. In the Indian market, we seek to capitalize on our experience, established contacts with local clients and suppliers and familiarity with local working conditions. We believe that these end markets offer several compelling growth opportunities and we expect increased spending by key customers in industries in which we provide services.



## Our Business Activities

We undertake turnkey projects from concept to commissioning which involves designing, engineering, manufacturing, supply, erection and commissioning of material handling systems, ash handling systems, BoP and EPC contracts. Additionally, we also supply material handling and ash handling equipments to other companies. We are also engaged in the supply of air pollution control equipment, providing turnkey solutions for handling municipal solid waste and power generation using biomass as fuel.

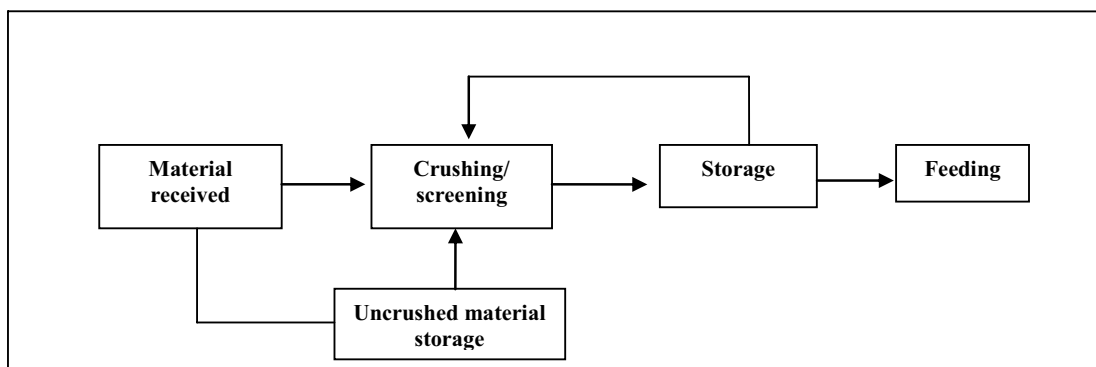
### *Material Handling Solutions*

We undertake turnkey projects of material handling systems and provide comprehensive material handling solutions in power, cement, steel, and other metallurgical plants, ports, mines, coal storage, reclaiming plants and aggregate process plant for mineral processes.

These projects involve design, engineering, manufacturing, supply, erection and commissioning of material handling systems, associated structural and civil work, electrical and instrumentation work and auxiliaries like dust control, suppression systems, ventilation systems and fire fighting system. Material handling primarily consists of designing, manufacturing and installation of conveyors, crushers, feeders, screens and other material handling equipment for various applications.

### *Material handling process*

Raw material handling is an important part of several applications in power plants, cement plants, steel plants and ports. The diagram below sets forth a basic material handling process. In the material handling process, the raw material is first received at the plant and thereafter, the raw material is transported to the crushing and/or the screening point. The crushed material or screened material is then transported to the storage point which is later reclaimed depending on specific requirement. From the storage point, the reclaimed material is conveyed to the feeder through a belt or pipe conveyor systems and is then fed at the desired point or machinery which could also be a crusher, feeder or screen.



### *Belt conveyor systems for bulk material conveying*

We provide different kinds of belt conveyor systems custom made for our clients based on the specific handling requirements and the nature of the material. Primarily we use belt conveyors for conveying bulk solid materials including slat chain conveyors, screw conveyors and drag chain conveyors for various operational requirements.

**Belt conveyors** - Belt conveyor system consists of four critical components. *i.e.*, belt, rollers, pulleys and drive-units. Belts are primarily made from nylon, elastic polymer and steel cord. Belts are placed on pulleys at both ends. Rollers are placed in the way of material transport to facilitate the belt to roll over. Drive-units are placed mainly at discharge points; however it may also be placed at feed at both ends depending upon requirement of the system for driving the conveyor.

**Slat chain conveyors** - Slat chain conveyors are used for handling material like bagasse, paper pulp and wood chips over a sharp inclination. Slats are fixed perpendicular to the direction of movement and the material placed in the trough is transported by a series of slats connected by either a single strand or a double strand chain which is connected to a drive and sprocket.



Screw conveyors - Screw conveyors are used for transporting small quantity of material to a short distance which is moist or powdery in nature like ash, limestone, dust, coal and cement. The screw conveyors are compact and fully enclosed. These conveyors are normally used where there is a space constraint and there is a dust free operation requirement.

Drag chain conveyors - Drag chain conveyors are used to transport bulk solids for heavy duty condition and for short distances. These conveyors are also preferred for handling material which needs dust free transportation. These find application in fly ash and cement handling systems.

We also use bucket elevators for vertical conveying of bulk solid materials. These have versatile operation, occupy less space and require less structural support. These are used primarily in cement plants and coal handling plants.

#### *Unit load handling systems*

We have the capability to manufacture, design and install the following for unit load handling systems: (i) Roller conveyors; (ii) Slider bed conveyors; (iii) Truck loading conveyors; and (iv) Wagon loading conveyors. These are special application conveyor systems for handling cartons and bags in cement, fertilizer and other industries. The construction is similar to belt conveyors with modifications in the carrying side of the conveyors to suit the material carried.

#### *Material handling systems*

Coal handling plants - Coal/lignite handling plants are required for feeding coal/lignite to the bunkers in the coal fired thermal power plants and in plants using boilers for steam generation. The coal/lignite is received in the plants through conveyors or wagons from coal mines and is unloaded with the help of systems such as wagon tippers and track hopper. The unloaded material is subsequently transported through belt conveyors to the crushing and screening systems or to the stockyard, depending upon the clients' specific requirements. After the coal is crushed and screened into the specified size, it is transported to the bunker for storage and further utilization. These systems are automated in order to reduce manual interface and are controlled through centralised PLC system.

Stockyard systems, and coal storage and reclaiming plant - Coal storage and reclaiming plants are either part of a coal handling system as in the case of a large thermal power plant or a standalone system as in the case of ports. These plants include long conveyors, stacking and reclaiming equipment and wagon/truck/ship-loading/unloading systems. These systems are often used in cement and mineral industry as through the stockyard systems, the required materials can be stored in bulk quantity and used as per specific requirement. Different types of stacking and reclaiming equipment such as linear stacker, bridge reclaimer, portal reclaimer and bucket wheel stacker reclaimer.

Aggregate crushing plant or mineral processing plant - These plants are constructed for processing of minerals like iron ore and limestone. These systems have a combination of equipment like crushers, screens and conveyors.

#### *Collaborations*

We have entered into seven technical collaboration or license agreements with certain international companies in relation to our material handling operations. We have a collaboration with FAM Magdeburger Förderanlagen und Baumaschinen GmbH for use of technical data and production of crushers, roller screens and grinding mills. We have entered into license agreement with Siebtechnik GmbH for design, know-how, manufacturing and supply of different types of screens. Additionally, we have entered into license agreements with PEYTEC Material Handling GmbH and Hein, Lehmann, Trenn und Fördertechnik GmbH for manufacturing of flip-flow screens. Further, we have also entered into a license agreement with Maschinenfabrik Liezen und Giesserei GmbH for manufacturing of various types of crushers.

#### *Significant executed projects and present Order Book*

As of March 31, 2010, we have executed 684 material handling projects on turnkey basis. Some of our significant executed projects include:



- design, engineering, manufacture, supply and transportation of coal handling plant for 2x300 MW Deenbandhu Chhotu Ram thermal power project at Yamunanagar, Haryana for Reliance Energy Limited;
- design, supply, installation of the coal handling system for 2x300 MW at Korba, Chhattisgarh for Lanco Infratech Limited;
- design, engineering, manufacture, supply, erection and commissioning of raw material and DRI handling system with total length of conveyors about 8,750 meters, for the integrated steel plant at Meramandali, Odisha for Bhushan Steel and Strips Limited;
- design, manufacture and supply of 12 units of belt conveyors for our coal washery plant at Talcher, Odisha for Global Coal & Mining Private Limited;
- modification of the stock house for blast furnace no. 4, comprising belt conveyor system, structural and civil work on turnkey basis for Rourkela steel plant, Odisha for Steel Authority of India Limited;
- design and supply of belt conveyors for a cement plant for Grasim Limited; and
- supply of, components for raw material handling conveyor system, technological structure and equipment at Vijayanagar, Karnataka for JSW Steel Limited.

Currently we have an Order Book of 225 material handling orders of Rs. 7,018.16 million as of March 31, 2010. Our significant projects under execution include:

- our contract for the coal handling plant package for the 1x500 MW super critical thermal power plant at Korba, Chhattisgarh for NTPC Limited
- design, supply, construction, installation, testing and commissioning of bauxite handling and secondary crushing plant for 1.5 MMTPA Utkal Alumina Refinery Project, Rayagada, Odisha;
- design and engineering, supply of goods and materials for coal handling systems package for 2x525 MW Maithon right bank thermal power project, Jharkhand for Maithon Power Limited;
- design, engineering, supply, erection and commissioning of a coal handling plant in Hisar, Haryana for a 2x600 MW thermal power project for Reliance Energy Limited;;
- design, engineering and supply of lignite handling system in Barmer, Rajasthan for 8x135 MW lignite based thermal power project for Raj West Power Limited;
- onshore services and supply for coal handling systems for 2x800 MW unit of Sri Damodaram Sanjeevaiah thermal power project at Krishnapatnam, Andhra Pradesh for Tata Projects Limited; and
- contract for erection of the plant and equipment, steel structures, refractories for enhancement of loading capacity at Bolani ore mines, Odisha for Steel Authority of India Limited.

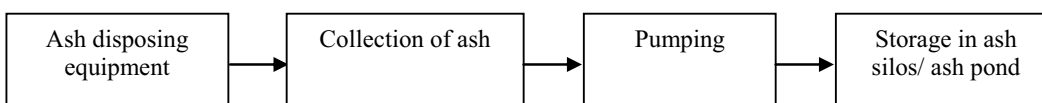
### ***Ash Handling Solutions***

We have forayed into providing ash handling solutions pursuant to the merger of TAL into our Company. Prior to the Ashtech Amalgamation, TAL had been engaged in the business of ash handling systems for over 40 years and has provided turnkey ash handling solutions in several thermal power projects.

Ash conveying in the power, cement or steel plants is extremely critical considering the environmental impact of the ash spillage and storage and disposal. The ash handling system utilizes different technologies including pneumatic conveying, slurry and pumping of ash in liquid state or solid conveying through conveyors.

### ***Ash handling process***

Ash handling is a critical package in coal based thermal power plants. The block diagram below represents a basic ash handling process involved in thermal power plants. Pursuant to the ash handling systems, the ash is collected in dry or wet form through ash disposing equipment such as electro-static precipitator (“ESP”), bottom ash hopper and economizer. The collected ash is then pumped through slurry pumps, vacuum pumps or compressed air to a storage place such as fly ash silos or ash pond.







### *Different ash handling applications*

Ash is collected in different locations of the boiler and depending on the type of ash, suitable technology is used. We have the technology to provide ash handling solutions for both dry and wet conveying of ash. We also provide slurry disposal system for high 'density' and high 'concentration' ash. Set forth below are the different applications and services range provided by us as part of the ash handling solutions.

**Bottom Ash System** - In the bottom ash system, water impounded ash is disposed or transported through a submerged scrapper or belt conveyor to a slurry slump or an ash pond or to a hydro bin. These conveyors are used for continuous removal of moist bottom ash.

**Fly Ash System** - We provide complete sluicing system for slurry disposal of smaller units of ash using hydro sluicing equipment. This is done through a pneumatic conveying system. We provide pneumatic conveying system using negative pressure (vacuum) as well as using positive pressure. We provide a comprehensive dry collection and transportation system with silo equipment as well as a complete wet slurry handling system with optimized use of water through feeder ejector.

**Coarse Ash System** - Coarse ash is collected in different coarse ash hoppers of boilers namely, economizer, air heater, duct and bed ash. This can be removed by any of the systems adopted either for bottom ash or fly ash systems depending upon the quantity, quality and nature of the ash.

**Ash Slurry Disposal System** - Ash collected in different type of hoppers in the plant is disposed off or transported by jet pumping system. This is a conventional ash slurry disposal system by using centrifugal pumps. We have also provided India's first eco-friendly slurry disposal plant using HCSD (high concentration slurry disposal) system which reduces the problems of excess water in ash ponds.

In addition to the above, we have installed various kinds of high capacity auxiliary system to complete ash handling systems. These systems include water pumping facility, compressed air facility, electrical power distribution system, PLC based controls and instrumentation system, civil and structural works, required as per system specifications and the requirements of our customers.

### *Collaborations*

TAL had entered into three license agreements with international companies in relation to the ash handling operations. Pursuant to the Ashtech Amalgamation, these license agreements have been transferred to our Company. We have a memorandum of understanding with Xiamen Longking Bulk Materials Science and Engineering Company Limited for dry bottom ash handling system and pneumatic coal mill reject handling system for which Longking provides technical assistance. Furthermore, we have a memorandum of understanding with GEA EGI Contracting/Engineering Company Limited for promotion of high concentration slurry disposal system which is used for bottom ash and fly ash disposal. We also have a cooperation agreement with Greenbank Terotech Limited for supply of cast basalt pipe and pipe fittings to be used in the conveying of abrasive materials such as ash and slurry for core sector industries.

### *Significant executed projects and present Order Book*

Prior to the Ashtech Amalgamation, TAL has executed 71 ash handling projects on a turnkey basis. Some of the significant executed projects include:

- ash handling system for Andhra Pradesh State Electricity Board's Ramagundam B station 1x62.5 MW unit in 1971;
- ash handling systems for the first thermal power plant at Singrauli 3x210 MW units, Uttar Pradesh in 1982-83 for NTPC Limited;
- ash handling systems for Maharashtra State Electricity Board's Chandrapur TPS 1x500 MW Unit no. 7 in 1997;
- ash handling systems for Maharashtra State Electricity Board's Khaperkheda 2x210 MW units in 2000-2001;
- ash handling systems first coastal based Plant at Simhadri 2x500 MW units in Andhra Pradesh for NTPC Limited; and
- ash handling systems for Talcher Super Thermal Power Project 4x500 MW Units in Odisha for NTPC Limited.





Currently we have an Order Book of 28 turnkey ash handling projects of Rs. 3,607.85 million as of March 31, 2010. Our significant projects under execution include:

- onshore services including design, supply, erection, testing and commissioning of ash handling for 2x800 MW unit of Sri Damodaram Sanjeevaiah thermal power project at Krishnapatnam, Andhra Pradesh for Tata Projects Limited;
- design, supply, erection, testing and commissioning of ash handling systems for 2x500 MW expansion project in Bhusawal, Maharashtra for Tata Projects Limited;
- design, supply, erection, testing and commissioning of ash handling systems for 2x500 MW Vindhyachal Super Thermal Power Project for NTPC Limited;
- design, engineering and commissioning of ash handling systems for 3x660 MW Sipat Thermal power projects at Chhattisgarh for NTPC Limited; and
- supply of ash handling plants for 2x600 MW Anpara thermal power project at Uttar Pradesh for Lanco Infratech Limited.

#### ***Balance of Plant (BoP) and engineering, procurement and construction (EPC)***

We have recently begun undertaking BoP contracts leveraging our established project management track record in both material handling and ash handling solutions. Balance of plant contracts are generally granted on a turnkey basis for coal based thermal power plants and which include coal handling solutions, ash handling solutions, setting up of cooling towers, switchyard and plant electrical, water treatment plants and other auxiliary civil constructions.

We have also ventured into engineering, procurement and construction business in 2007 through Tecpro Power Systems Limited, which has now merged with our Company with effect from April 1, 2009. Prior to such merger, Tecpro Power Systems Limited was a subsidiary of our Company. Our EPC business is focused on providing integrated turnkey solutions for small power plants based on Indian or imported coal, washery rejects and biomass as main fuel. As an EPC contractor, we are responsible for providing complete developing, manufacturing, erecting and commissioning solutions to our customers. In relation to our EPC contracts we either enter into collaborations or outsource to a third party supplier for providing BTG packages.

#### ***Services***

We undertake turnkey BoP or EPC contracts for coal-based thermal power plants and liquid fuel handling. Typically, in a coal-based thermal power plant, our BoP service package generally consists of (i) design and engineering for the complete power plant; (ii) civil works; (iii) coal handling; (iv) ash handling; (v) cooling water intake system / water systems; (vi) cooling tower; (vii) water treatment plant; (viii) electrical transformers, switchgears (LT and HT); (ix) substations – power evacuation system; (x) cables and pipes; (xi) heat ventilation and air conditioning (HVAC); (xii) fire protection system (FPS); (xiii) compressed air system (CAS); and (xiv) control and instrumentation.

Our EPC service package generally consists of conceptualization, design, engineering and commissioning for the complete power plant including sourcing and erection of the BTG package and the balance of plant services. We either collaborate or outsource to a third party supplier for providing BTG packages in relation to our EPC contracts.

#### ***Bidding and pre-qualification***

If we believe that the project is commercially viable and we have the required expertise to undertake such project, we submit an expression of interest. Generally, a client announces pre-qualification requirements for a given project. If we prequalify, we are sent a list of the technical specifications on the project. Based on this information, we submit a formal bid for the project. To expand our power projects business we bid for projects from public sector companies, and bid in both public and private tenders for private companies.

#### ***Project management***

Our project management team is based in Chennai and it comprises of a group of experienced professionals with experience in power sector. Our BoP or EPC projects are headed by our Senior Vice-President, Operations and comprise of separate vertical heads from our projects, operations and engineering divisions. All the vertical



heads in turn lead a team of engineers. Our operations heads are responsible for outsourcing parts of a BoP or EPC contracts for the auxiliary items or the BTG packages. Our project heads are responsible for the execution, dispatches and planning of the project, while our engineering heads are responsible for coordination of engineering with different packages such as ash handling, coal handling, switch yard, chimney, cooling tower, water treatment and civil works.

#### *Present Order Book*

We received our first BoP order in August 2009 from CSPGCL for the Korba West Thermal Power Project of 1x500 MW (Extension Stage -III). The total contract value is of Rs. 9,930 million. We entered into a consortium led by our Company with TAL (which is now merged with our Company with effect from April 1, 2009), Gammon India Limited (“GIL”) and VA Tech Wabag Limited (“VTWB”) for this project pursuant to a joint deed agreement dated May 19, 2009. Pursuant to this deed of agreement, our Company is the lead partner of the consortium and is also contractor of coal handling plant package and ash handling plant package; GIL is the contractor of cooling tower package; and VTWB is the contractor of water system package. Out of the total contract value, 85% to be executed by our Company and remaining 15% to be subcontracted to other two consortium members.

We received our first EPC order in 2007. Currently, we are executing two EPC contracts for thermal power projects which are:

- Engineering procurement and commissioning of the 30 MW power plant and supply of machineries and equipment, spare parts, operations manuals, drawings and documents for Indian Metals and Ferro Alloys Limited; and
- Design, manufacture, build, install, supply, transport, insurance, civil and structural construction, erection and commission of the 1x32 MW power plant at Vyasankere, Karnataka for Star Metallics & Power Private Limited.

#### *Supply of Equipment*

We also manufacture and supply heavy engineering equipment such as stackers, reclaimers, crushers, screens, feeders, idlers, pulleys and spares for various applications relating to material handling solutions.

**Crushers** – Crushers are used for crushing the hard materials to reduce their size to meet process requirements. Depending on different materials and requirements, we manufacture and supply different types of crushers including jaw crushers, roll crushers, impact crushers, hammer mill crushers and cone crushers. Jaw crushers are used for crushing hard material like granite and iron ore. They are used in primary, secondary or tertiary crushing applications. Roll crushers crush material by compression and hence are used in crushing softer material like coal, lignite, steel grade limestone. These crushers are used in mines as well as various cement, power, and steel plants. Impact crushers crush material by the effect of impact of the material thrown by a hammer on a wall. These are used for hard material like iron ore, limestone, dolomite. Impact crushers are used in cement mining and also other primary crushing applications. Hammer mill or ring granulators are used to crush soft material like coal, lignite, steel grade limestone. They are generally used for crushing coal and lignite for power plants of circulating fluidised bed combustion/atmospheric fluidised bed combustion boilers. Cone crushers are used for high capacity crushing of hard material like granite, sand stone, iron ore, feldspar.

**Feeders** – We supply feeders which are used to feed material on to belt conveyors at a regulated rate. In order to handle different kind of materials, we provide different types of feeders including apron feeders, vibratory feeders, belt feeders and screw feeders. Apron feeders are used to extract bulk wet and sticky material from dump hoppers, bins and stockpiles. Vibratory feeders are used for controlled feeding of bulk solid material from hoppers and bins to conveyors, screens and other equipment. Screw feeders are used to transport small quantity of material which is moist or powdery in nature like ash, limestone, dust, coal and cement.

**Screens** – Screens are used for separating material on the basis of size for process requirements. We provide linear motion and circular motion vibrating screen for screening applications up to a capacity of 1,400 TPH. We also manufacture flip-flow screens for special applications where the material has high moisture content or fine separation is required. We supply roller screens for materials with high moisture content like lignite, clay, coal and for capacity up to 1,500 TPH. Additionally, we make multi deck sizers for application in chemical, sugar and other industries.



*Other equipment* – In addition to the equipment described above, we also manufacture and supply certain other material handling equipment including chain and belt type bucket elevators.

### **Other Businesses**

Our other businesses include our operations carried out through our Subsidiaries. One of our Subsidiaries, Tecpro Trema Limited is engaged in supply of air pollution control equipment business. Two of our Subsidiaries, Ajmer Waste Processing Company Private Limited and Bikaner Waste Processing Company Private Limited, are engaged in waste processing business and provide turnkey solutions for management and processing of municipal solid waste that can be used as either land fill or for generation of fuel which is used as an alternative fuel for burning in kilns in the cement industry or in boilers. Ajmer Waste Processing Company Private Limited and Bikaner Waste Processing Company Private Limited have the capability to provide (i) consultancy services for planning and construction of process facilities for handling MSW; (ii) selection of process and equipment for segregation, shredding, classification, screening, depending upon the assessment of waste material and its composition; and (iii) EPC for the entire MSW process plant. Furthermore, Tecpro Energy Limited, another Subsidiary of our Company, is engaged in the biomass power generation segment and provides comprehensive turnkey solutions for setting up and operating biomass based power plants.

### **Collaborations**

We have entered into collaboration and license agreements with 11 companies in relation to our material handling, ash handling and other operations. Set forth below is a brief description of our collaborations in the material handling, ash handling and related businesses.

<b>Name of the collaborator</b>	<b>Description of the collaboration</b>
<b>Material handling solutions</b>	
Siebtechnik GmbH	License for manufacturing, using, selling and exploiting certain products of Siebtechnik including the complete range of vibrating screens.
Maschinenfabrik Liezen Und Giesserei GmbH	License for sale and manufacturing of various types of crushers including jaw crusher, impact crusher, hammer mill, roller crusher, compound crusher and mobile crushing plant.
PEYTEC Material Handling GmbH	License for manufacturing ‘Gladiator’ flip-flop screening machines and all other conventional screens.
Hein, Lehmann, Trenn-und Fordertechnik GmbH	License for manufacturing ‘Liwel’ flip-flow screens.
MVW Lechtenberg Projektentwicklungs und Beteiligungsgesellschaft GmbH	Cooperation agreement for the development of secondary fuel production and biomass handling projects in India.
Won Duck Industrial Machinery Company Limited	License for the sale of cone crushers and manufacture of single toggle jaw crushers.
FAM Magdeburger Forderanlagen und Baumaschinen GmbH	License to sell, design, engineer, manufacture, transport, erect, commission and service certain crushers, roller screens and grinding.
<b>Ash handling solutions</b>	
GEA EGI Contracting/Engineering Company Limited	Promotion of the high concentration slurry disposal system where bottom ash and fly ash are to be disposed together.
Xiamen Longking Bulk Materials Science and Engineering Company Limited	Collaboration for dry bottom ash handling system, pneumatic conveying fly ash handling system and coal mill rejects handling system.
Greenbank Terotech Limited	Collaboration for supply of cast basalt pipe and pipe fittings to be used in the conveying of abrasive materials such as ash and slurry for core sector industries.
<b>Others</b>	
Trema Verfahrenstechnik GmbH	Formation of a joint venture for manufacture of critical equipment of air and gas pollution control system.

For details of share capital, turnover, place and date of incorporation of our collaborators, please refer to “**History and Certain Corporate Matters**” on page 95.

Our collaborators provide us with basic and/or detailed engineering for the equipment agreed in the individual agreements. The complete engineering inputs and component selection is provided to us for procurement of necessary components. For equipment like crushers, screens and feeders, we also receive the engineering specifications and fabrication drawings from our collaborators along with the manufacturing process. The components are manufactured and assembled according to the specifications provided. Any critical component



required for the said equipment is imported from our collaborators. We may also import entire screens, if manufacturing as per the product requirement cannot be done in India or if the critical components and materials are not available in India. Also, any specific destructive as well as non-destructive test to be conducted on the components is conducted as prescribed by our collaborators. For details of the collaboration agreements, please refer to “*History and Certain Corporate Matters*” on page 95.

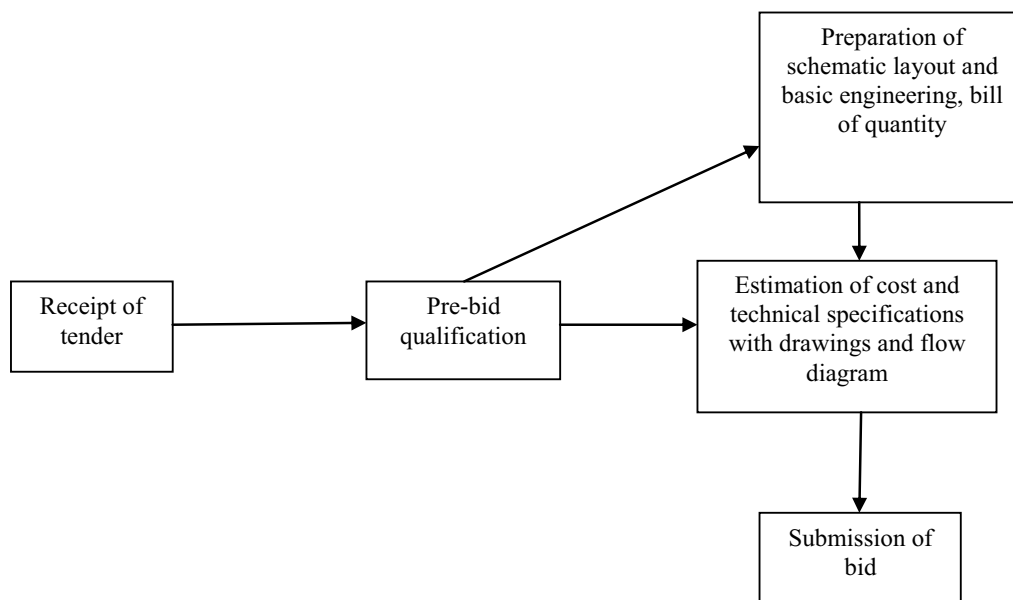
## **Business Process**

### ***Bidding, tendering and pre-qualification***

We gather information on new projects through interactions with consultants, prospective or current clients, or publications. Based on gathered information, introduction letters along with our Company profile are sent to prospective clients or consultants followed by our team visiting the client.

Most of our contracts are finalized either through competitive bidding process or through tenders issued by clients to short listed parties. For us to be considered as bidders in a particular project, we have to meet certain criteria set by the client called pre-qualification requirements. Usually, for major green-field projects, clients in public sector/ government clients set pre-qualification requirements. These pre-qualification requirements are either only technical or both technical and financial. Only the bidders who qualify are allowed to participate in the bidding process. In some cases, a consortium is allowed where the members of the consortium meet all the pre- qualifications jointly. In case of our BoP order from CSPGCL, we have formed a consortium for our services.

Technical and commercial bids are prepared based on the basic layouts and pre-engineered specifications set by clients or their technical consultants/process experts. If the client has not appointed a consultant, the layout and specifications are mutually discussed and finalised during pre-bid interaction with clients. Submitted bids are evaluated on technical and commercial basis by clients and/or consultants. All technical and commercial aspects are discussed and clarified before the price - bid is finally negotiated. However, bids invited by most of the public sector/ government clients are decided on the basis of lowest price quoted. Set forth below is a diagram of the tendering process.





### ***Project Management***

Our project management activity is centralised at Chennai. The project in-charge co-ordinates from the start of the engineering activity and is responsible for the commercial and technical aspects of the project. His/her responsibility includes engineering including basic and detailed engineering, procurement and shipment to site, construction and erection, and overseeing the complete site activity. Our projects are managed by our Senior Vice-President, Operations and consists of separate vertical heads from our projects, operations and engineering divisions. Our operations heads are responsible for outsourcing of parts of a contract for the auxiliary items or the BTG packages. Our project heads are responsible for the execution, dispatches and planning of a project. Our engineering heads are responsible for design and coordination of engineering and civil works.

Project execution at site is the responsibility of the site in-charge who is provided with all the necessary resources for construction and erection.

### ***Project Execution Process***

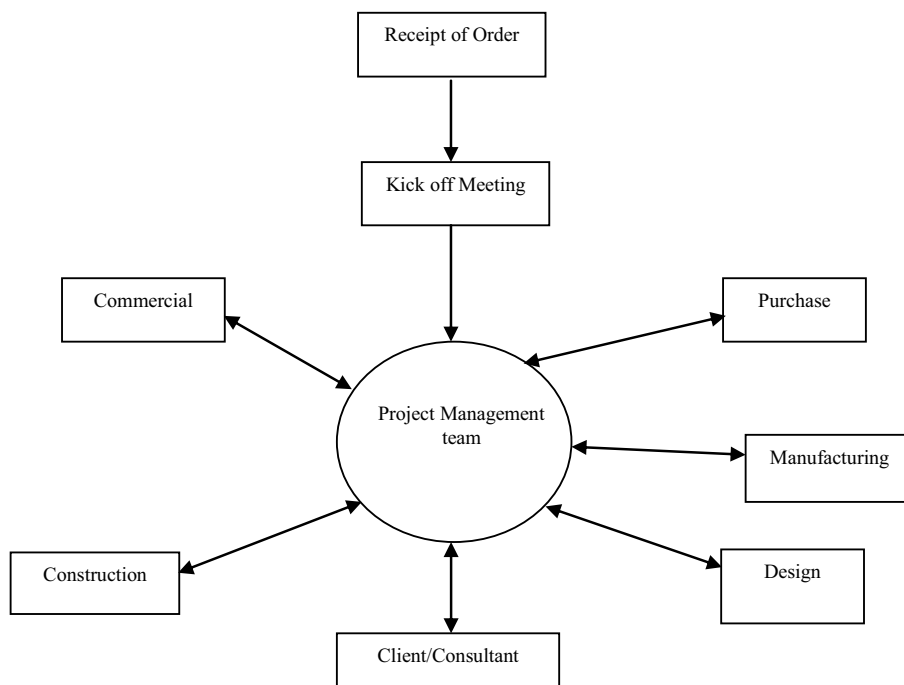
After the order is received, the marketing department and the design and project execution department have a kick off meeting. The marketing department explains the specific client's requirements to the design and execution department. The project is discussed in detail and all technical and commercial commitments made to the client are recorded and the project is officially handed over to the design and project execution department for execution.

The design department prepares the required basic engineering drawings and design calculations and technical specification for approval of the clients or consultants. Based on the approval of the basic engineering drawing or documents, the design team prepares the detail engineering drawings which are again submitted to the client for reference or approval. Based on the contract, the final approved basic drawings or the design calculation, the design department prepares (i) a shop fabrication drawings with detailed Bill of Quantity (“**BoQ**”) for self manufactured items at factories or site, (ii) technical specification for proposed bought out items, and (iii) drawings for execution of the project at site. These drawings are handed over to the project department for executing the project. In the mean time, the project department prepares a budget for internal financial control, a billing schedule, project implementation schedule and a Quality Assurance Plan (“**QAP**”) for submission to the client.

After approval of the billing schedule and QAP, these documents are handed over to the concerned departments, namely the commercial department and the factory and purchases department. The commercial department prepares invoices, the purchase department places orders for bought outs and the factory is responsible for the in-house manufacturing. The project manager is responsible for project progress monitoring as well as taking the corrective action when necessary to achieve the project implementation schedule

The project department prepares a project progress report, which is submitted to the client on a regular basis. The department also coordinates with the purchase department and factory for supplies and with the civil department for erection and other site activities until the commissioning of the project. Upon commissioning of the project and after it has been handed over to the client, the project department is responsible for contract closure and release of the final retention money.

The project is monitored and tracked through sophisticated project management tools like ‘Primavera’ and ‘MS Projects’. Either of the software can be used depending on the client's preference. The project department utilizes progress reporting formats, which are discussed and suitably amended to meet the client's needs. The project department is responsible for co-ordinating with all internal departments for quick execution of the project. This internal coordination includes follow up of release of indents, release of orders, drawing approvals and expediting the supplies in line with construction needs.



## Facilities

### *Design and engineering offices*

We have our design and engineering centres at Chennai, Gurgaon, Kolkata, Secunderabad, Bangalore, Ahmedabad and Mumbai. We had 286 design engineers as on March 31, 2010. Each office is headed by a senior executive and each office can handle projects independently. The design and engineering activity of any project is handled by one location enabling complete control. The allocation of projects is based on the location of the client, their engineering consultant, and the work load already allocated to the office. We believe that the key to successful execution of a project lies in early completion of engineering activities and having offices closer to clients and consultants which enables us to be efficient in our project execution.

### *Manufacturing facilities*

Currently, we have four manufacturing facilities out of which three facilities are located at Bhiwadi, Rajasthan and one at Bawal, Haryana. Out of the two facilities for manufacturing material handling equipment, one located at Bawal in Haryana and one in Bhiwadi, Rajasthan. We also have a casting unit at Bhiwadi, Rajasthan which is used for both material handling and ash handling. Further, we also have a facility for manufacturing ash handling equipment located in Bhiwadi, Rajasthan. The combined capabilities of our manufacturing facilities allow us to offer products and services in a timely and cost-efficient manner. We manufacture stackers, reclaimers, crushers, screens, feeders and fabricated structures at our manufacturing facility at Bawal, Haryana. Our new plant at Bhiwadi, Rajasthan has facilities for manufacturing pulleys, idlers, rollers, structures, and conveyor systems. The manufacturing of equipment is according to a quality control plan and the manufacturing process followed is as detailed by our collaborators for the licensed equipment.


## Human Resource

Our employees are located at our offices and various project sites across the country to cater to the specific requirements of our clients based in different geographical areas. As of March 31, 2010, we had 1,157 employees comprising 720 engineers.

In addition to salary and allowances, we provide our employees benefits which include medical reimbursements, yearly leave and retirement benefits. Our success depends upon our ability to recruit, train and retain high quality professionals. We conduct on-campus recruiting at the engineering institutes in India. We believe the relationship between our management and our employees has been cordial. We have not experienced any significant industrial disputes and further our attrition level has been very low at all levels.



## Intellectual Property

We have made an application for registration of our name and logo “” under the Trade Marks Act, 1999 on July 1, 2006 which is currently pending. The Office of the Trademark Registry has published the mark in their journal (journal no. 1416) for public notification on May 16, 2009 and until date we are not aware of any objections to such notification.

In addition, we have also made an application (No. 01927034) dated February 24, 2010 to the Trade Mark Registry for the mark “**TECPRO**” under class 7, class 37 and class 42 under the Trade Mark Rules.

## Properties

We lease or have a right to use certain properties for corporate operations. The brief details of such properties are set out below:

Property details	Nature of Property Rights	Term
<i>Offices</i>		
Our registered office measuring 719 sq. ft., is located at 106, Vishwadeep Towers, Plot No.4, District Centre, New Delhi	Leasehold	Valid for a period of five years with effect from November 1, 2007.
Our Corporate office, measuring 5,360 sq. ft., is located at 202,203 & 204, Pacific Square, Sector 15, Part-II, Gurgaon	Leasehold	Valid for eight years with effect from June 1, 2007
We have seven Engineering Design Offices in Chennai, Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, and Bangalore	Leasehold	Valid for period ranging from three years to six years
<i>Manufacturing facilities</i>		
We have a manufacturing facility at SP-496-497, RIICO, Bhiwadi, Rajasthan	Owned	N/A
We have a manufacturing facility at E-928, RIICO Industrial Area, Bhiwadi, Rajasthan	Owned	N/A
We have a manufacturing facility over five acres of land at Plot No. 2,3,4,25,26 and 27, Sector-7, HSIDC Growth Center, Bawal, Haryana	Owned	N/A
We have a manufacturing facility at A-98, RIICO Industrial Area, Bhiwadi, Rajasthan	Leasehold	Valid for a period of three years starting from May 1, 2009

We have leased and have a right to use certain properties as our offices or showrooms located in Chennai, Bangalore, Mumbai, New Delhi, Secunderabad, Kolkata and Vishakhapatnam.

## Insurance

Our Company has various insurance policies in respect of our business, our assets such as stocks, machinery, buildings, furniture and our workmen. We have fire and burglary insurance for our offices and manufacturing facilities in relation to our inventories, raw materials and office equipment. We also take workmen's compensation insurance to cover any risk relating to accidents of the workmen during manufacturing, erection, fabrication or commissioning.





## **Health, Safety and Environment**

We are committed towards the accepted best practices and comply with applicable health, safety and environmental legislations and other requirements in our operations in different jurisdictions of the country. To ensure effective implementation of our practices, at every project all hazards are identified at the beginning of our work on the project, associated risks are evaluated and controls and methods instituted, implemented and monitored. We believe that all accidents and occupational health hazards can be prevented through systematic analysis and control of risks and by providing appropriate training to stake holders, employees, subcontractors and communities. Our employees work constantly and proactively towards eliminating or minimizing the impact of hazards to people and the environment. We strongly encourage the adoption of occupational health and safety procedures as an integral part of our operations. We have also demonstrated our commitment to protecting the environment by minimizing pollution, waste and optimizing fuel consumption towards continual improvement of its environmental performance.

## **Competition**

We compete in the material handling industry, ash handling industry and the power infrastructure sector in the BoP and EPC contracts segments. We not only compete for customers and work orders, but also for personnel and technical collaborations. Our key competitors in the material handling industry include McNally Bharat Engineering Company Limited, Elecon Engineering Company Limited, TRF Limited and Larsen & Toubro Limited (“L&T”). Apart from McNally and L&T, our other prominent competitors in the ash handling industry are The Indure Private Limited and Macawber Beekay Private Limited. In the power infrastructure sector for BoP and EPC contracts, we compete with BGR Energy Systems Limited, Punj Lloyd Limited, McNally Bharat Engineering Company Limited, Sunil HiTech Engineers Limited and other companies engaged providing solutions and services to the power infrastructure sector. Our competition depends on various factors, such as the pre-qualification criteria, nature and scope of the project, complexity of the contract, contract value, potential margins and risks relating to revenue generation. While service quality, technical capabilities, execution track record, experience and the availability of skilled personnel form the basis for qualification, price is often the deciding factor in most tender awards.



## REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.*

### **Foreign Investment**

Under India's current Foreign Direct Investment ("FDI") Policy, the Material Handling Equipment industry does not require approval of the RBI or the Foreign Investment Promotion Board (the "FIPB") and hence FDI is permitted under the 100% automatic route.

### **Labour related legislations**

#### ***The Factories Act, 1948***

The Factories Act, 1948 ("**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health, and welfare of the workers. It applies to industries in which (i) 10 or more than 10 workers are employed on any day of the preceding 12 months and are engaged in the manufacturing process being carried out with the aid of power, or (ii) 20 or more than 20 workers are employed in the manufacturing process being carried out without the aid of power. Each State has enacted rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories Act provides that occupier of a factory *i.e.* the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance 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, cleanliness and safe working conditions. The Factories Act also provides for fines to be paid and imprisonment by the manager of the factory in case of any contravention of the provisions of the Factories Act.

#### ***Workmen's Compensation Act, 1923***

The Workmen's Compensation Act, 1923 provides that if personal injury is caused to a workman by accident during his employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid (i) if the injury does not disable the workman for more than three days, (ii) where the workman, at the time of injury, not resulting in death or permanent total disablement was under the influence of drugs or alcohol, or (iii) where the workman wilfully disobeyed safety rules or wilfully removed or disregarded any safety guard.

#### ***Payment of Gratuity Act, 1972***

Under the Payment of Gratuity Act, 1972, an employee, in a factory, mine, oilfield, plantation, port and railway company and every shop or establishment in which 10 more persons are employed or were employed on any day of the preceding 12 months, who is in 'continuous service' for a period of five years (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) is eligible for gratuity upon his retirement, superannuation, death or disablement.

#### ***Payment of Bonus Act, 1965***

The Payment of Bonus Act, 1965 (the "**Bonus Act**") is applicable to every factory and every establishment in which 20 more persons are employed on any day during an accounting year and provides for payment of bonus irrespective of profit and makes payment of minimum bonus compulsory to those employees who draw a salary or wage up to Rs. 10,000 per month and have worked for a minimum period of 30 days in a year. The Bonus Act mandates that every employee receive a bonus. Bonus is calculated on the basis of the salary or wage earned by the employee during the accounting year. The minimum bonus to be paid to each employee is either 8.33% of the salary or wage or Rs.100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus or profits. If the allocable surplus or profit 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. Contravention of the Bonus Act by a company is punishable with imprisonment up to six months or a fine up to Rs. 1,000 or both against those individuals in charge at the time of contravention of the Bonus Act.

#### ***Maternity Benefit Act, 1961***

The Maternity Benefit Act, 1961 provides that a woman who has worked for at least 80 days in the 12 months preceding her expected date of delivery is eligible for maternity benefits. Contravention of this Act is punishable by imprisonment up to one year or a fine up to Rs. 5,000 or both. The maximum period for which any woman shall be entitled to maternity benefit shall be 12 weeks.

#### ***Minimum Wages Act, 1948***

The Minimum Wages Act, 1948 provides that the State Governments may stipulate the minimum wages applicable to a particular industry. Workers are to be paid for overtime at rates stipulated by the appropriate State Government. Any contravention may result in imprisonment up to six months or a fine up to Rs. 5,000.

#### ***Contract Labour (Regulation and Abolition) Act, 1970***

The Contract Labour (Regulation and Abolition) Act, 1970 (the “CLRA”) requires a company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labourers. The CLRA vests responsibility in the principal employer of an establishment, to which the CLRA applies, to make an application to the concerned officer for registration of the concerned establishment. In the absence of such registration, contract labour cannot be employed in the concerned establishment. Likewise, every contractor, to whom the CLRA applies, is required to obtain a license and may not undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

#### ***The Employees State Insurance Act, 1948***

The Employees State Insurance Act, 1948 (“ESI Act”) provides for certain benefits to employees in case of sickness, maternity and employment injury. The Act applies to all factories (including Government factories but excluding seasonal factories) employing 10 or more persons and carrying on a manufacturing process with the aid of power or employing 20 or more persons and carrying on a manufacturing process without the aid of power and such other establishments as the Government may specify.

Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to 10,000 per month is entitled to be insured under the ESI Act.

#### ***The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952***

The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 provides for the compulsory institution of contributory provident funds, pension funds and deposit linked insurance funds for employees. The act aims to ensure a retiral benefit to secure the future of the employee after retirement. The Act applies to industries employing 20 or more persons and any other class of establishments employing 20 or more persons notified by the Government.

#### ***The Payment of Wages Act, 1936***

The Payment of Wages Act, 1936 is a central legislation which applies to the persons employed in the factories and to persons employed in industrial or other establishments specified in sub-clauses (a) to (g) of clause (ii) of section 2 of the Act. This Act does not apply to wages payable to an employed person in respect of a wage period average if such wages exceed Rs. 6,500 per month. The Act has been enacted with the intention of ensuring timely payment of wages to the workers and for payment of wages without unauthorised deductions



A worker, whose wages have not been paid in time or if unauthorised deductions have been made from his/her wages, can file a claim either directly or through a Trade Union or through an Inspector under this Act, before with the Authority appointed under the Payment of Wages Act.

### ***Industrial Disputes Act, 1947***

The Industrial Disputes Act, 1947 (the “**ID Act**”) provides the machinery and procedure for the investigation and settlement of industrial disputes. It also provides certain safeguards to workers and aims to improve the service conditions of industrial labour. When a dispute exists or is apprehended, the appropriate government is empowered to refer the dispute to an authority mentioned under the ID Act in order to prevent the occurrence or continuance of the dispute. Reference may be made to a labour court, tribunal or arbitrator, as the case may be, to prevent a strike or lock-out while a proceeding is pending. Wide powers have been given to the labour courts and tribunals under the ID Act while adjudicating a dispute to grant appropriate relief such as modification of contract of employment or to reinstate workmen with ancillary relief.

### **Tax Related Regulations**

#### ***Excise duty***

Excise duty is levied on the manufacture or production of goods in India and is collected at the time of removal of the goods from the place where they are manufactured or produced. It is levied under the provisions of the Central Excise Act, 1944 and is generally paid on the transaction value of the goods at the rates mentioned in the Central Excise Tariff Act, 1985 (“**Tariff Act**”). The rate of excise duty depends on the classification of the goods in the Tariff Act. Currently, the peak rate of excise duty is 10.30% (including education cess at the rate of 2% and secondary and higher education cess at the rate of 1%). However, the Government has the power to declare exemptions from the whole or a part of the excise duty chargeable. In addition location based incentives have also been specified by the Government.

#### ***Sales Tax (Value Added Tax) / Central Sales Tax***

Sales tax is levied on the sale of movable property in goods. In India, sales tax is levied both at the federal level under the Central Sales Tax Act, 1956 as well as the state level under the respective state legislation.

Goods sold within the jurisdiction of a state are charged to Value Added Tax (“**VAT**”) in accordance with the VAT statute of that state. All the states have in force a separate VAT statute which prescribes the rates at which VAT will be levied on taxable goods sold within that state. VAT is usually payable by a 'dealer' of goods (*i.e.* a person who carries on the business of selling or purchasing goods within a state) on its sales turnover. Depending on the schedule in which a good is categorized, VAT would be either exempt or levied at the rate of 1%, 4%, 12.5% or such other rate as the State Government notifies from time to time.

Central sales tax (“**CST**”) is levied in accordance with the Central Sales Tax Act, 1956 on movable goods sold in the course of inter-state trade or commerce. CST is payable by a dealer (*i.e.* a person who carries on the business of buying, selling, supplying or distributing goods) on his sales turnover at the rate prescribed in the VAT statute of the State from where the movement of the goods originate. However, a dealer is entitled to a concessional rate of 2% CST on goods which are sold to another registered dealer who intends to further re-sell them or use them in the manufacture or processing for further sale or for certain other specified purposes, subject to the condition that the purchasing dealer issues a statutory form “C” to the selling dealer.

#### ***Service tax***

Service tax is levied under the Finance Act, 1994, as amended, wherein tax is levied on certain identified services rendered in India by specified service providers. Currently, service tax is levied at the rate 10.30% plus an education cess of 2% and a secondary and higher education cess at the rate 1%. Therefore, the effective rate is 10.3% on gross value of taxable services. With respect to upstream activities, relevant taxable services include site formation and clearance, and excavation, earth moving and demolition services, survey and exploration of mineral services and mining services.

### **Environmental Regulations**

The Environmental Protection Act, 1986 (“**Environment Protection Act**”), Water (Prevention and Control of



Pollution) Act, 1974 (“**Water Act**”) and the Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) provide for the prevention, control and abatement of pollution. Pollution Control Boards (“**PCBs**”) have been constituted in all the States in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant State PCBs for emissions and discharge of effluents into the environment. The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (“**Hazardous Waste Rules**”) impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous wastes properly including proper collection, treatment, storage and disposal. Every occupier and operator of the facility generating hazardous waste is required to obtain an approval from the PCB for collecting, storing and treating the hazardous waste.

#### ***The Public Liability Insurance Act, 1991***

The Public Liability Insurance Act, 1991 (the “**Public Liability Act**”) imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

#### **Miscellaneous Regulations**

##### ***The Shops and Establishments Act***

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

##### ***Trademarks Act, 1999***

The Trademarks Act, 1999 (the “**Trademarks Act**”) provides for the application and registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading etc. and to obtain relief in case of infringement for commercial purposes as a trade description. Application for trademark registry has to be made to Controller-General of Patents, Designs and Trade Marks who is the Registrar of Trademarks for the purposes of the Trademarks Act. The Trademarks Act prohibits any registration of deceptively similar trademarks or chemical compound among others. It also provides for penalties for infringement, falsifying and falsely applying trademarks.



## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on November 7, 1990 under the Companies Act as a private limited company under the name 'Tecpro Systems Private Limited'. Our Company was converted into a public limited company pursuant to a resolution passed by our shareholders on May 8, 2006, following which our name was changed to 'Tecpro Systems Limited', and a fresh certificate of incorporation was issued consequent to the conversion into a public limited company, on July 10, 2006.

For details in relation to our activities, services, products, market of each segment, our growth, technology, market, managerial competence and capacity built-up, our standing with reference to our prominent competitors, see "**Our Business**" and "**Industry Overview**" on pages 74 and 62, respectively.

Our Company has 87 equity shareholders as on the date of filing of this Draft Red Herring Prospectus. For further information, see "**Capital Structure**" on page 30.

### Takeover/Merger Agreement

Our Company entered into a takeover/merger agreement dated April 1, 2003 with Tecpro Systems, a proprietorship concern of Mr. Amul Gabrani, pursuant to which our Company acquired the manufacturing facilities as well as the assets and liabilities of Tecpro Systems, a proprietorship concern. The assets and liabilities of Tecpro Systems, a proprietorship concern, were acquired at book value as on March 31, 2003. Furthermore, our Company issued 140,000 Equity Shares to Mr. Amul Gabrani as consideration for the above transfer.

### Schemes of Amalgamation

#### *Amalgamation of Blossom Automotive Private Limited with our Company*

Our Company and Blossom Automotive Private Limited ("**BAPL**"), our wholly owned subsidiary, entered into a scheme of amalgamation under sections 391 – 394 of the Companies Act. The scheme of amalgamation was approved by the High Court of Rajasthan pursuant to its order dated July 10, 2009, which was subsequently filed with the Registrar of Companies, Rajasthan on September 9, 2009. The scheme of amalgamation was approved by the High Court of Delhi pursuant to its order dated May 22, 2009 which was subsequently filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana, by our Company on September 10, 2009. Pursuant to the above, BAPL merged into our Company. The appointed date of amalgamation was April 1, 2008 and the effective date was September 10, 2009. The objective of the scheme of amalgamation, amongst other things, was to enable BAPL and our Company to create a single business entity which would in turn help them to manage their businesses more effectively and efficiently. Pursuant to the scheme of amalgamation, the undertaking of BAPL including, among other things, assets, liabilities, duties and obligations, were transferred to our Company. No shares were issued by our Company pursuant to the merger as BAPL was a wholly owned subsidiary of our Company.

Except for the addition of the authorised share capital of BAPL being Rs. 4,000,000 divided into 400,000 equity shares of Rs. 10 each to the authorised share capital of our Company, there was no impact of the scheme of amalgamation on the capital structure of our Company.

BAPL was acquired by our Company pursuant to a share purchase agreement dated August 5, 2006, entered into between Mr. Prem Kumar Garg, BAPL and our Company. As per the terms of the share purchase agreement, Mr. Prem Kumar Garg, who was also the power of attorney holder for all the other shareholders of BAPL, transferred 400,000 equity shares of BAPL held by him and the other shareholders, to our Company for a total consideration of Rs. 127.20 million.

#### *Amalgamation of Tecpro Ashtech Limited and Tecpro Power Systems Limited with our Company*

Our Company, Tecpro Ashtech Limited ("**TAL**"), Tecpro Power Systems Limited ("**TPSL**") and their respective shareholders and creditors entered into a scheme of amalgamation under sections 391 – 394 of the Companies Act. Company petitions seeking sanction of the scheme of amalgamation were filed in the High Court of Bombay and the High Court of Delhi as the registered offices of our Company, TPSL and TAL were situated in New Delhi and Mumbai, respectively. The scheme of amalgamation was approved by the High Court of Bombay pursuant to its order dated November 20, 2009 which was subsequently filed with the Registrar of





Companies, Mumbai on January 28, 2010. Similarly, the scheme of amalgamation was approved by the High Court of Delhi pursuant to its order dated March 4, 2010, which was subsequently filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana, by TPSL on March 29, 2010 and by our Company on March 31, 2010. Pursuant to the above, TAL and TPSL merged into our Company. The appointed date of amalgamation was April 1, 2009 and the effective date was March 31, 2010. Amongst other things, the scheme of amalgamation was envisaged to create a single entity which would carry on businesses of material and ash handling that are integrated and complimentary in nature. Further, the amalgamation would result in strengthened leadership in the industry in terms of asset base, revenue, and market share of the combined entity. The amalgamation would also help the management to achieve greater integration and better financial strength which would result in improving the competitive position of the combined entity.

Pursuant to the scheme of amalgamation and with effect from the appointed date, the undertakings of TAL and TPSL including, among other things, assets, estates, rights, title, interest, authorities acquired, debts, liabilities, duties and obligations were transferred to our Company. The authorised share capital of TAL and TPSL were also combined with the authorised share capital of our Company thereby increasing our authorised capital to Rs. 1,279 million. Furthermore, from the appointed date, the memorandum of association of our Company was also altered by addition of sub-clauses 5, 6, 7, 8, 9 and 10 in Clause III (A).

Additionally, pursuant to the scheme of amalgamation, our Company issued and allotted shares in the following manner:

- (i) **TAL**
  - (a) Equity shareholders - 100 Equity Shares of Rs.10 each of our Company, for every 299 equity shares of Rs.10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TAL, on the effective date.
  - (b) Preference shareholders - 16,570 Equity Shares of Rs.10 each of our Company for every 100 (0.01%) compulsorily convertible preference shares of Rs.100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TAL on the effective date.
- (ii) **TPSL**
  - (a) Equity shareholders - 100 Equity Shares of Rs. 10 each of our Company for every 349 equity shares of Rs. 10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.
  - (b) Our Company - 10,200,000 equity shares held by our Company in TPSL were automatically cancelled and there was no issue and allotment of shares to that extent.
  - (c) Preference shareholders - 100 Equity Shares of Rs. 10 each of our Company, for every 280 (0.01%) compulsorily convertible cumulative preference shares of Rs. 100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.

Set forth below is the shareholding pattern of our Company pre and post such amalgamation:

Category of shareholder	Pre-scheme of amalgamation		Post-scheme of amalgamation	
	No. of Equity Shares of Rs. 10 each	Percentage	No. of Equity Shares of Rs. 10 each	Percentage
<b>Shareholding of Promoter and Promoter Group</b>				
Indian	16,420,500	59.28	26,545,840	60.03
Foreign	0	0	0	0
<b>Sub Total (A)</b>	<b>16,420,500</b>	<b>59.28</b>	<b>26,545,840</b>	<b>60.03</b>
<b>Public Shareholding</b>				
Mutual Funds	0	0	0	0
Financial Institutions	0	0	0	0
Foreign Institutional	0	0	0	0





Category of shareholder	Pre-scheme of amalgamation		Post-scheme of amalgamation	
	No. of Equity Shares of Rs. 10 each	Percentage	No. of Equity Shares of Rs. 10 each	Percentage
Investors				
<b>Sub Total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non Institutions</b>				
Bodies Corporate	9,662,640	34.89	16,073,591	36.35
Individuals	280,160	1.01	270,160	0.60
<i>Any Other</i>				
Non Resident Indians	1,324,200	4.78	1,324,200	3.00
Overseas Corporate Bodies	0	0	0	0
Trusts	10,000	0.04	10,000	0.02
Clearing Members	0	0	0	0
HUF	0	0	0	0
<b>Sub Total (B) (2)</b>	<b>11,277,000</b>	<b>40.72</b>	<b>17,677,951</b>	<b>39.97</b>
<b>Total Public</b>	<b>11,277,000</b>	<b>40.72</b>	<b>17,677,951</b>	<b>39.97</b>
<b>Shareholding (B)= (B)(1) + B(2)</b>				
<b>TOTAL (A) + (B)</b>	<b>27,697,500</b>	<b>100.00</b>	<b>44,223,791</b>	<b>100.00</b>

TAL (then Mahindra Ashtech Limited) was acquired by Fusion Fittings (I) Limited pursuant to a share purchase agreement dated October 17, 2007, entered into between Mahindra Ashtech Limited, Mahindra & Mahindra Limited, Mahindra Holdings and Finance Limited and Avigo Trustee Company Private Limited. As per the terms of the share purchase agreement, Mahindra & Mahindra Limited and Mahindra Holdings and Finance Limited, who were the owners of 22,500,000 equity shares *i.e.* 100% of its equity share capital, agreed to transfer the shares to Avigo Trustee Company Private Limited or its nominee for a total consideration of Rs. 5.00 million. Avigo Trustee Company Private Limited, pursuant to a nomination letter dated December 11, 2007, nominated Fusion Fittings (I) Limited to hold the shares to be transferred by Mahindra & Mahindra Limited and Mahindra Holdings and Finance Limited.

For further information of Equity Shares allotted pursuant to the Takeover/Merger Agreement and schemes of amalgamation, see “*Capital Structure*” on page 30.

#### Changes in Registered Office:

The table below encapsulates changes in registered office of our Company.

Date of change	Change in the address of our Registered Office
April 6, 2002	Change in registered office from FB-26, Tagore Garden, New Delhi 110 027 to 114 – 115, Vishwadeep Tower, Janak Puri District Centre, New Delhi 110 058.
December 15, 2005	Change in registered office from 114 – 115, Vishwadeep Tower, Janak Puri District Centre, New Delhi 110 058 to FB-26, Tagore Garden, New Delhi 110 027.
November 15, 2007	Change in registered office from FB-26, Tagore Garden, New Delhi 110 027 to 106, Vishwadeep Tower, Plot No. 4, District Centre, Janak Puri, New Delhi 110 058.

The changes were carried out to enable greater operational efficiencies.

#### Major Events:

Year	Event
1990	Incorporation of our Company
2001	Established office in Chennai at No. 25, 1 <sup>st</sup> Main Road, 1 <sup>st</sup> Floor (Unit 2), Gandhi Nagar, Adyar, Chennai
2003	<ul style="list-style-type: none"> <li>Our quality management system was certified by QMS Certification Services to conform to the requirements of ISO 9001:2008 in respect of design, production and supply of material handling systems and components</li> <li>Takeover/Merger of assets and liabilities of Tecpro Systems, a proprietorship concern of Mr. Amul Gabrani</li> </ul>
2005	Started commercial production at Bawal, Haryana
2006	<ul style="list-style-type: none"> <li>Conversion of our Company into a public limited company</li> <li>Started commercial production at Bhiwadi, Rajasthan</li> </ul>
2007	Received “Emerging India 2007” award for infrastructure sector constituted by ICICI Bank and



Year	Event
	CNBC TV 18
2009	<ul style="list-style-type: none"> <li>• Merger of Blossom Automotive Private Limited into our Company pursuant to a scheme of amalgamation with effect from April 1, 2008</li> <li>• Awarded a CRISIL rating of 'CRISIL SME 1' indicating 'Highest level of creditworthiness, adjudged in relation to other SMEs'</li> <li>• We were awarded our first BoP contract worth Rs. 9,930 million by the Chhattisgarh State Power Generation Company Limited for a 1x500 MW thermal power plant at Korba West through a consortium led by our Company</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Tecpro Power Systems Limited and Tecpro Ashtech Limited merged into our Company pursuant to a scheme of amalgamation with effect from April 1, 2009</li> </ul>

### Awards and recognitions

We have received the following awards and recognitions for achieving and maintaining high standards in various aspects of our business.

Year	Award/Recognition
2009	Our Company was awarded a CRISIL rating of 'CRISIL SME 1' on May 8, 2009. The rating indicates 'Highest level of creditworthiness, adjudged in relation to other SMEs'. The rating is valid until May 7, 2010.
2007	"Emerging India 2007" award for infrastructure sector constituted by ICICI Bank and CNBC TV 18.

### Certifications

We have received the following certification in various aspects of our business:

Year	Certification
2009	Our Company's Quality Management System ("QMS") was certified by QMS Certification Service to conform to the requirements of ISO 9001:2008 in respect of design, production and supply of material handling systems and components. The certificate is valid until July 13, 2012.

### Our Main Objects

The main objects of our Company as contained in our Memorandum of Association are as follows:

Clause	Particulars
A.1.	To manufacture, trade, import, export, buy, sell and deal in conveyors, conveyor components including idlers, pulleys and structure of base metals for industrial and infrastructure projects.
A.2.	To manufacture, trade and deal in any other manner in fabrication of structures of base metals.
A.3.	To engage in implementation of civil and structural projects, engineering projects, infrastructure projects as turnkey suppliers of part of or complete projects as manufacturer, supplier, procurer or in any other manner and to engage in general research and development of infrastructure projects.
A.4.	To trade in all mechanical instruments, machines, machine parts, components, associated electrical equipment, electronic equipment, computerised equipment and implementation services required for the above equipments, engineering projects, civil and structural projects and infrastructure projects.
A.5.	To do business as an independent power producer either individually, as a holding company or in collaboration, consortium, partnership, joint venture, majority or minority or equal equity participation with another person or entity to generate, produce/manufacture, develop, purchase, acquire, use, sell, transform, accumulate, transmit, distribute, supply of electric power of all kinds, conventional and non conventional and transforming the same at different levels and voltages and sell, transform, distribute electrical power to different categories of consumer through transmission lines or facilities of State Electricity Boards as may be assigned to it by the competent Government or Governments whether in India or abroad and for that purpose invest in and plan, bid for, promote, develop, set up, establish, organize, assemble, construct, retrofit, modify, restructure, revamp in India and/or abroad efficient thermal (including coal as well as all/any other fuel like naphtha, gas, oil, diesel, fly ash, briquettes), Nuclear, Hydroelectric and Wind power generation system plants and for the purpose mentioned above to plan, design, manufacture, assemble, test, commission, major energy systems and to import, export and produce all kinds of equipments, tools and fittings, inputs, auxiliaries and then transport, handling and storage.
A.6.	To carry on the business of general electric power supply company in all aspects to acquire licence from Electricity boards and authorities to take over and work the concessions, to develop existing facilities, establish facilities and to construct, lay down, establish, fix carry out and run power stations, sub-stations, transmission lines, cables, wires, distribution lines, services, accumulations and works, repair shops and



Clause	Particulars
	also dismantle, realign strengthen all these works and to generate, accumulate, distribute and supply electricity for all purpose and uses.
A.7.	To carry on the business of purchasing, selling, importing, exporting, producing, trading or manufacturing or otherwise dealing in all aspects of planning, investigation, research, design and engineering, preparation of preliminary feasibility and detailed definite project reports securing the required statutory or regulatory clearance for these purposes or projects, installation, commissioning, construction, operation and maintenance of such power generation plants, power systems and projects of any type and kind, providing consultancy and services in the management engineering, commercial, financial, administration and inventory related matters concerning the electricity generation, transmission and distribution and to do all work and perform all services in connection therewith and field execution of turnkey jobs for other organizations, bodies whether private or Govt. owned and in all these endeavors, as an independent power producer, to deal variously in power plants including but not limited to, on a build own operate (BOO), built own-operate transfer (BOOT) or build own operate- maintain (BOOM) basis.
A.8.	To carry on the business of erection, commissioning of all types of dams for storage and distribution of water for irrigation and for production of Hydroelectric power or any other power and to manufacture sale, distribute and market all related equipment structures and technologies used for irrigation projects and power projects.
A.9.	To carry on in India or elsewhere, the trades or businesses as manufacturers of, processors of, dealers in exporters and importers of all grades, types, qualities, shapes, categories and descriptions of ferrous and non-ferrous materials meant for any industrial or non-industrial use whatsoever and to carry on the business in cold or hot rolling, re-rolling, slitting, edge-milling, shearing, stamping, pressing, extruding, forging, drawing, flattening, straightening, heat treatment of all kinds of steel and other metals or any other kind of steel and other metals or any other kind of strips, sheets, foils, tapes, wires, rods, plates and any other sections, shapes or forms and to carry on the business of iron-founders, toolmakers, dye-makers, brass founders, metal workers, boiler-makers, mill-wrights, colliery owners, machinists, iron and steel converters, mechanical engineers, electrical engineers, manufacturers of appliances, implements and machinery, and to buy, sell, manufacture, repair, convert, alter, left on hire, and deal in machinery, appliances, implements, and hardware of all kinds.
A.10.	To carry on the business of designers, manufacturers, suppliers, erectors, adapters and sellers of and consultants and dealers in Coal/Lignite Combustion byproducts of all types, filtration, separation, refining, processing and handling equipment, apparatus and plant of all types, including, without prejudice to the generality of the foregoing, civil structural works, Ash Handling Plants, Ash Management Systems, Traveling Water Screens, Circulating Water Systems, Pollution Control Systems, Bulk Material Handling Systems, Powder Handling Systems, Trash Cleaning Machine Systems, Sewage Handling Systems, equipment for centrifuges, vibroscreens and vegetable oil refining plants.

### Changes in Memorandum of Association

Since our incorporation, the following changes have been made to the Memorandum of Association:

Date of Amendment / Shareholders Resolution	Amendment
September 24, 2001	<p>Sub Clauses (A.1.), (A.2.), (A.3.) and (A.4.) inserted in Clause III (A), reproduced as under:</p> <p><i>“To manufacture, trade, import, export, buy, sell and deal in conveyors, conveyor components, including idlers, pulleys and structure of base metals for industrial and infrastructure projects.”</i></p> <p><i>“To manufacture, trade and deal in any other manner in fabrication of structures of base metals.”</i></p> <p><i>“To engage in implementation of civil and structural projects, engineering projects, infrastructure projects as turnkey suppliers of part of or complete projects as manufacturer, supplier, procurer or in any other manner and to engage in general research and development of infrastructure projects.”</i></p> <p><i>“To trade in all mechanical instruments, machines, machine parts, components, associated electrical equipment, electronic equipment, computerised equipment and implementation services required for the above equipments, engineering projects, civil and structural projects and infrastructures.”</i></p>
September 24, 2001	<p>Existing Clause (V) substituted with the following:</p> <p><i>“The authorised share capital of the Company is Rs. 3,700,000 divided into 370,000 shares of Rs. 10 each”.</i></p>
January 24, 2004	<p>Existing Clause (V) substituted with the following:</p>



Date of Amendment / Shareholders Resolution	Amendment
September 28, 2005	<p><i>“The authorised share capital of the Company is Rs. 20,000,000 divided into 2,000,000 shares of Rs. 10 each”.</i></p> <p>Existing Clause (V) substituted with the following:</p>
December 20, 2005	<p><i>“The authorised share capital of the Company is Rs. 70,000,000 divided into 2,000,000 equity shares of Rs. 10 each and 500,000 0.01% cumulative convertible preference shares of Rs. 100 each.”</i></p> <p>Existing Clause (V) substituted with the following:</p>
April 11, 2006	<p><i>“The authorised share capital of the Company is Rs. 170,000,000 divided into 2,000,000 equity shares of Rs. 10 each and 1,500,000 0.01% cumulative convertible preference shares of Rs. 100 each.”</i></p> <p>Existing Clause (V) substituted with the following:</p>
July 10, 2006	<p><i>“The authorised share capital of the Company is Rs. 200,000,000 divided into 5,000,000 equity shares of Rs. 10 each and 1,500,000 0.01% cumulative convertible preference shares of Rs. 100 each.”</i></p> <p>The name of our Company was changed to ‘Tecpro Systems Limited’ consequent to its conversion into a public limited company.</p>
July 17, 2006	<p>Re-classification of authorised capital - Existing Clause (V) substituted with the following:*</p> <p><i>“The authorised share capital of the Company is Rs. 200,000,000 divided into 20,000,000 equity shares of Rs. 10 each.”</i></p>
May 12, 2007	<p>Existing Clause (V) substituted with the following:</p> <p><i>“The authorised share capital of the Company is Rs. 400,000,000 divided into 40,000,000 equity shares of Rs. 10 each.”</i></p>
April 1, 2008	<p>The authorised share capital of our Company was increased by Rs. 4,000,000 by addition of 400,000 equity shares of Rs. 10 each of Blossom Automotive Private Limited pursuant to the merger.</p>
April 1, 2009	<p>Pursuant to the merger of Tecpro Ashtech Limited and Tecpro Power Systems Limited with our Company, Clauses (A.5.) – (A.10.) inserted in Clause III (A), reproduced as under:</p> <p><i>“To do business as an independent power producer either individually, as a holding company or in collaboration, consortium, partnership, joint venture, majority or minority or equal equity participation with another person or entity to generate, produce/manufacture, develop, purchase, acquire, use, sell, transform, accumulate, transmit, distribute, supply of electric power of all kinds, conventional and non conventional and transforming the same at different levels and voltages and sell, transform, distribute electrical power to different categories of consumer through transmission lines or facilities of State Electricity Boards as may be assigned to it by the competent Government or Governments whether in India or abroad and for that purpose invest in and plan, bid for, promote, develop, set up, establish, organize, assemble, construct, retrofit, modify, restructure revamp in India and/or abroad efficient thermal (including coal as well as all/any other fuel like naphtha, gas, oil, diesel, fly ash, briquettes), nuclear, hydroelectric and wind power generation system plants and for the purpose mentioned above to plan, design, manufacture assemble, test, commission, major energy systems and to import, export and produce all kinds of equipments, tools and fittings, inputs, auxiliaries and then transport, handling and storage.”</i></p> <p><i>“To carry on the business of general electric power supply company in all aspects to acquire licence from Electricity boards and authorities to take over and work the concessions, to develop existing facilities, establish facilities and to construct, lay down, establish, fix carry out and run power stations, sub-stations, transmission lines, cables, wires, distribution lines, services, accumulations and works, repair shops and also dismantle, realign strengthen all these works and to generate, accumulate, distribute and supply electricity for all purpose and uses.”</i></p> <p><i>“To carry on the business of purchasing, selling, importing, exporting, producing, trading or manufacturing or otherwise dealing in all aspects of planning, investigation, research, design and engineering, preparation of preliminary feasibility and detailed definite project reports securing the required statutory or regulatory clearance for these purposes or projects, installation, commissioning, construction, operation and maintenance of such power generation plants, power systems and projects of any type and kind, providing</i></p>



Date of Amendment / Shareholders Resolution	Amendment
	<p><i>consultancy and services in the management engineering, commercial, financial, administration and inventory related matters concerning the electricity generation, transmission and distribution and to do all work and perform all services in connection therewith and field execution of turnkey jobs for other organizations, bodies whether private or Govt. owned and in all these endeavors, as an independent power producer, to deal variously in power plants including but not limited to, on a build-own-operate (BOO), built-own-operate-transfer (BOOT) or build-own-operate- maintain (BOOM) basis.”</i></p> <p><i>“To carry on the business of erection, commissioning of all types of dams for storage and distribution of water for irrigation and for production of Hydroelectric power or any other power and to manufacture sale, distribute and market all related equipment structures and technologies used for irrigation projects and power projects.”</i></p> <p><i>“To carry on in India or elsewhere, the trades or businesses as manufacturers of, processors of, dealers in exporters and importers of all grades, types, qualities, shapes, categories and descriptions of ferrous and non-ferrous materials meant for any industrial or non-industrial use whatsoever and to carry on the business in cold or hot rolling, re-rolling, slitting, edge-milling, shearing, stamping, pressing, extruding, forging, drawing, flattening, straightening, heat treatment of all kinds of steel and other metals or any other kind of steel and other metals or any other kind of strips, sheets, foils, tapes, wires, rods, plates and any other sections, shapes or forms and to carry on the business of iron-founders, toolmakers, dye-makers, brass founders metal workers, boiler-makers, mill-wrights, colliery owners, machinists, iron and steel converters, mechanical engineers, electrical engineers, manufacturers of appliances, implements and machinery, and to buy, sell, manufacture, repair, convert, alter, left on hire, and deal in machinery, appliances, implements, and hardware of all kinds.”</i></p> <p><i>“To carry on the business of designers, manufacturers, suppliers, erectors, adapters and sellers of and consultants and dealers in Coal/Lignite Combustion byproducts of all types, filtration, separation, refining, processing and handling equipment, apparatus and plant of all types, including, without prejudice to the generality of the foregoing, civil structural works, Ash Handling Plants, Ash Management Systems, Traveling Water Screens, Circulating Water Systems, Pollution Control Systems, Bulk Material Handling Systems, Powder Handling Systems, Trash Cleaning Machine Systems, Sewage Handling Systems, equipment for centrifuges, vibroscreens and vegetable oil refining plants.”</i></p>
April 1, 2009	The authorised share capital of our Company was increased to Rs. 1,279,000,000 divided into 127,900,000 equity shares of Rs. 10 each pursuant to the merger of Tecpro Ashtech Limited and Tecpro Power Systems Limited with our Company.
January 27, 2010	<p>Existing Clause (4) of Clause (III), substituted with the following:</p> <p><i>“To develop, import, assemble and trade in all mechanical instruments, machines, machine parts, components, associated electrical equipment, electronic equipment, computer hardware and software, micro processor based systems, peripherals and their parts, computerised equipment and implementation services required for the above equipments, engineering projects, civil and structural projects, infrastructure projects or for any other purposes”.</i></p>

*\* Pursuant to a resolution passed by our shareholders, the authorised share capital of the Company of Rs. 200,000,000 divided into 5,000,000 equity shares of Rs. 10 each and 1,500,000 0.01% cumulative convertible preference shares of Rs. 100 each was re-classified as authorised share capital of the Company of Rs. 200,000,000 divided into 20,000,000 equity shares of Rs. 10 each.*

## Our Subsidiaries:

Our Company presently has seven Subsidiaries, none of which are listed on any stock exchange. The details of our Subsidiaries are as follows:

### Details of our Subsidiaries

#### 1. Tecpro Energy Limited

Tecpro Energy Limited (“TEL”) was incorporated as a private limited company under the Companies Act on June 9, 2005 as Tecpro Manufacturing Private Limited. Its name was subsequently changed to Tecpro Energy Private Limited and a fresh certificate of incorporation was issued on June 27, 2006. The name of the company was further changed to Tecpro Energy Limited upon its conversion to a public limited company and a fresh



certificate of incorporation was issued on May 30, 2007. TEL is, among other things, permitted to engage in the business of production, generation, development, purchase, transmission, distribution and supply of electrical power of all kinds, conventional or non-conventional, providing consultancy and services relating to electricity generation, transmission and distribution and dealing in power plants including on a build-own-operate, build-own-operate-transfer and build-own-operate-maintain basis.

TEL became our Subsidiary pursuant to allotment of 90,000 equity shares to our Company by TEL on March 24, 2006.

The authorised share capital of TEL is Rs. 200.00 million. The paid up capital of TEL is Rs. 6.58 million divided into 658,000 equity shares of Rs. 10 each. Currently, our Company holds 645,000 equity shares *i.e.* 98.02% of the paid up capital of TEL.

## **2. *Ajmer Waste Processing Company Private Limited***

Ajmer Waste Processing Company Private Limited (“**AWPCPL**”) was incorporated as a private limited company under the Companies Act on December 11, 2006. AWPCPL is, among other things, permitted to engage in the business of processing of municipal waste by technologies such as refused derived fuel, clean development mechanism, composting, biomethanation, sewage treatment plant or any other technology available in the renewable sector, and producing power.

The authorised share capital of AWPCPL is Rs. 1.00 million. The paid up capital of AWPCPL is Rs. 1.00 million divided into 100,000 equity shares of Rs. 10 each. Our Company holds 49,000 equity shares *i.e.* 49.00% of the paid up capital of AWPCPL. As per the shareholders agreement, though our Company has purchased 49% equity shareholding in AWPCPL, our Company controls the composition of the board of directors of AWPCPL. Accordingly, as per Section 4 (1)(a) of the Companies Act, AWPCPL has been treated as a Subsidiary of our Company.

Pursuant to a share purchase agreement dated May 3, 2007, among our Company, AWPCPL and Zoom Developers Private Limited, our Company acquired 4,900 equity shares *i.e.* 49.00% of the equity share capital of AWPCPL from Zoom Developers Private Limited for an aggregate consideration of Rs. 49,000. Our Company entered into a shareholders agreement dated May 4, 2007 with AWPCPL and Zoom Developers Private Limited, to set forth and record the terms and conditions governing our relationship in our mutual capacity as shareholders of AWPCPL and to record our respective rights and obligations in relation to the management and functioning of AWPCPL. Additionally, the parties have agreed that whenever AWPCPL issued additional equity shares, the same shall be offered to the existing shareholders in proportion to their shareholding, provided however that they will not be able to renounce their rights entitlement in favour of any third party. Further, our Company entered into a share subscription agreement with Zoom Developers Private Limited and AWPCPL on May 4, 2007, pursuant to which our Company and Zoom Developers Private Limited subscribed to 44,100 equity shares and 45,900 equity shares of AWPCPL, respectively.

Further, pursuant to the shareholders agreement and the pledge agreement dated May 4, 2007, Zoom Developers Private Limited has pledged to our Company 43,500 equity shares, which is equivalent to 85.29% of its 51% equity shareholding in AWPCPL. Additionally, the parties have entered into a call option agreement dated May 4, 2007, pursuant to which, after 10 years following the commercial operations date, our Company has the right to purchase 49.02% of the shareholding of Zoom Developers Private Limited on the first call option date and 71.15% of the remaining shareholding of Zoom Developers Private Limited on the second call option date, subject to certain terms and conditions as mentioned in the call option agreement.

## **3. *Bikaner Waste Processing Company Private Limited***

Bikaner Waste Processing Company Private Limited (“**BWPCPL**”) was incorporated as a private limited company under the Companies Act on March 8, 2007. BWPCPL is among other things, permitted to engage in the business of processing of municipal waste by technologies such as refused derived fuel, clean development mechanism, composting, biomethanation, sewage treatment plant or any other technology available in the renewable sector, and producing power.

The authorised share capital of BWPCPL is Rs. 5.00 million. The paid up capital of BWPCPL is Rs. 0.30 million divided into 30,000 equity shares of Rs. 10 each. Our Company holds 30,000 equity shares (including equity share held by its nominee) *i.e.* 100.00% of the paid up capital of BWPCPL.





Pursuant to an agreement dated January 4, 2008, between our Company, BWPCPL and East Delhi Waste Processing Company Private Limited, our Company acquired 10,000 equity shares *i.e.* 100.00% of the equity share capital of BWPCPL from East Delhi Waste Processing Company Private Limited for an aggregate consideration of Rs. 0.10 million.

#### **4. Tecpro Trema Limited**

Tecpro Trema Limited (“**Tecpro Trema**”) was incorporated as a private limited company under the Companies Act on August 11, 1999 as Trema RJ Processes Private Limited. Its name was subsequently changed to Tecpro Trema Private Limited and a fresh certificate of incorporation was issued on October 4, 2007. The name of the company was further changed to Tecpro Trema Limited upon its conversion to a public limited company and a fresh certificate of incorporation was issued on October 13, 2008. Tecpro Trema is among other things, permitted to carry on business as designer, manufacturer, supplier, agent, broker, merchant, buyer, sellers, distributor, assembler, processor, job worker, fabricator, exporter, importer, indenter, constructor for and of equipments, machinery components, spare parts, systems and accessories of air and environment pollution control plants and systems, glass bead plants, spray drying plants and other related products connected therewith.

The authorised share capital of Tecpro Trema is Rs. 2.00 million. The paid up capital of Tecpro Trema is Rs. 1.50 million divided into 150,000 equity shares of Rs. 10 each. Our Company holds 76,500 equity shares (including equity shares held by its nominees) *i.e.* 51.00% of the paid up capital of Tecpro Trema.

Pursuant to a share purchase agreement dated April 25, 2007, among our Company, Mr. R. Jaishankar, Mr. P.R. Shankar, Trema Verfahrenstechnik GmbH and Trema RJ Processes Private Limited (presently known as Tecpro Trema), our Company acquired 76,500 equity shares representing 51% of the paid up capital of Tecpro Trema from Mr. R. Jaishankar, Mr. P.R. Shankar, Trema Verfahrenstechnik GmbH. The consideration for the acquisition was Rs. 6.00 million (*i.e.* purchase price for shares representing 50.00% of the paid up capital of the company acquired from Mr. R. Jaishankar and Mr. P.R. Shankar) and Euros 2,000 (*i.e.* purchase price for shares representing 1.00% of the paid up capital of the company acquired from Trema Verfahrenstechnik GmbH). Consequent to the share purchase agreement, Trema Verfahrenstechnik GmbH and our Company entered into a shareholders agreement on April 25, 2007, for the purposes of holding shares and managing the operations of Tecpro Trema as a joint venture company, wherein our Company agreed to purchase 76,500 shares of Tecpro Trema and nominate three directors on the board of directors of Tecpro Trema. Similarly, Trema Verfahrenstechnik GmbH has agreed to hold 73,500 equity shares of Tecpro Trema and nominate two directors on the board of directors of Tecpro Trema.

#### **5. Tecpro Systems (Singapore) Pte Limited**

Tecpro Systems (Singapore) Pte Limited (“**Tecpro Singapore**”) was incorporated as a private company limited by shares under the laws of the Republic of Singapore on June 11, 2007. Tecpro Singapore is engaged in the business of marketing and supplying material handling equipment. It also assists our Company in coordinating projects and business in Asian countries.

The share capital of Tecpro Singapore is 824,000 Singapore Dollars divided into 824,000 equity shares of one Singapore Dollar each. Our Company holds 100.00% of the share capital of Tecpro Singapore.

Tecpro Singapore became a subsidiary of our company pursuant to the transfer of one equity shares each held by Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani, representing 100% of the equity capital of Tecpro Singapore, to our Company on July 13, 2007.

#### **6. Tecpro International FZE**

Tecpro International FZE (“**Tecpro FZE**”) was incorporated on August 19, 2006 in the Jebel Ali Free Zone Authority, Dubai (“**JAFZA**”) as a free zone establishment with limited liability for the purposes of coordinating Tecpro Systems’ operations and business in Africa, Middle East and CIS countries. Tecpro FZE was granted a trading license on August 20, 2006 (License No. 07292) by the JAFZA for the purposes of carrying out turnkey projects, material handling systems, crushing and screening plants, industrial products and all engineering and non-engineering goods.





The share capital of Tecpro FZE is two shares whose face value is one million U.A.E. Dirham each. Our Company holds the entire share capital of Tecpro FZE.

## 7. **Microbase Infosolution Private Limited**

Microbase Infosolution Private Limited (“MIPL”) was incorporated as a private limited company under the Companies Act on December 24, 2003. MIPL is among other things, permitted to engage in the business of developing, producing, buying, selling, importing, exporting, leasing, repairing, exchanging all kinds of computer software, hardware and programme of all kinds of computer aided engineering, software for micro processor based systems.

The equity shares of MIPL are not listed on any of the Stock Exchanges. The authorised share capital of MIPL is Rs. 0.50 million. The paid up capital of MIPL is Rs. 0.10 million divided into 10,200 equity shares of Rs. 10 each. Our Company holds 10,200 equity shares of MIPL *i.e.* 100% of the paid up capital of MIPL.

MIPL became a subsidiary of our Company with effect from April 15, 2010 pursuant to two share purchase agreements dated April 3, 2010 and April 15, 2010. Pursuant to a share purchase agreement dated April 3, 2010, entered into among our Company, MIPL and Mr. Virendra Kumar Bhatia, our Company acquired 5,000 equity shares of MIPL *i.e.* 49.02% of the equity share capital of MIPL from Mr. Virendra Kumar Bhatia for an aggregate consideration of Rs. 102.50 million. Furthermore, pursuant to a share purchase agreement dated April 15, 2010, entered into among our Company, MIPL, Mr. Baij Nath Chandok and J.R. Thermomaster Private Limited, our Company acquired 5,200 equity shares of MIPL (5,100 equity shares from Mr. Baij Nath Chandok and 100 equity shares from J.R. Thermomaster Private Limited) representing 50.98% of the equity share capital of MIPL for an aggregate consideration of Rs. 106.60 million.

**Accumulated profits or losses of the Subsidiaries not accounted for by our Company as on October 31, 2009 are set forth below.**

S. No.	Name of Subsidiary	% of Company's holding	% of Minority holding	Amount of accumulated profits or losses not accounted for by the Company (Rs.)
1.	Tecpro Energy Limited	98.02	1.98	(79,411)
2.	Ajmer Waste Processing Company Private Limited	49.00	51.00	(5,075,634)
3.	Bikaner Waste Processing Company Private Limited	100.00	Nil	-
4.	Tecpro Trema Limited	51.00	49.00	1,106,136
5.	Tecpro International FZE	100.00	Nil	-
6.	Tecpro Systems (Singapore) Pte. Limited	100.00	Nil	-

## **Collaboration Agreements**

We have entered into collaboration and manufacturing agreements with the various companies.

Share capital, turnover, place and date of incorporation of our collaborators are given below.

Name of collaborator	Place of registration	Year of incorporation	Paid up share capital as per the collaborator's last FY	Turnover of the last financial year of operation
Siebtechnik GmbH	Duisburg, HRB 14256	1922	5,532,178 Euros	42,750,000 Euros
Maschinenfabrik Liezen und Giesserei GmbH	Registration Court, Leoben	1994	740,000 Euros	126,183,000 Euros
PEYTEC Material Handling GmbH	Austria	2001	45,000 Euros	850,000 Euros
Hein, Lehmann, Trenn- und Fordertechnik GmbH	Krefeld	1988	7,669,378 Euros	39,014,665 Euros
MVW Lechtenberg Projektentwicklungs und	Duisburg, Germany	2004	25,000 Euros	-



Name of collaborator	Place of registration	Year of incorporation	Paid up share capital as per the collaborator's last FY	Turnover of the last financial year of operation
Beteiligungsgesellschaft GmbH				
Won Duck Industrial Machinery Company Limited	#865-10, Eogok-dong, Yangsan City, Gyeongsangnam-do, 626-220, Republic of Korea	1995	2,300,000 USD	13,650,000 USD
FAM Magdeburger Forderanlagen und Baumaschinen GmbH	HRB 100127, Municipal Court of Stendal, Germany	1990	5,000,000 Euros	212,800,000 Euros
GEA EGI Contracting/Engineering Company Limited	Budapest, Hungary	1992	2,534,000 Euros	25,203,346 Euros
Xiamen Longking Bulk Materials Science and Engineering Company Limited	Xiamen, People's Republic of China	2005	5,000,000 RMB	29,839,384.29 RMB
Greenbank Limited	Derbyshire, United Kingdom	1998	-	-
Trema Verfahrenstechnik GmbH	Weiden, Germany	1982	154,000 Euros	46,000,000 Euros

The details of our collaboration agreements are given below.

#### ***License agreement between Siebtechnik GmbH and our Company***

*General:* Our Company entered into a license agreement with Siebtechnik GmbH (“**Siebtechnik**”) on February 1, 2010, for manufacturing, using, selling and exploiting, certain products of Siebtechnik including the complete range of vibrating screens, consisting of circular motion screens, linear motion screens, banana screens and multideck sizer type MDS, and spare parts thereof.

*Scope:* Our Company and Siebtechnik have agreed that critical components of screens like exciter for linear motion screens and special type of rubber springs, if required, will be imported from Siebtechnik for all future requirements until they are completely developed indigenously by our Company. Similarly, for big and complicated machines, the critical components will be supplied by Siebtechnik, if required, as per the price mutually agreed on a case to case basis. The license has been granted to our Company on an exclusive basis for the territory of India, Bangladesh and Nepal. Our Company has agreed not to manufacture, use, sell and/or exploit the products outside the territory without the prior written consent of Siebtechnik. The license has been given on an exclusive basis to our Company and is not assignable to any third party and/or affiliating party. Additionally, Siebtechnik has agreed to furnish to our Company all existing reproducible drawings, technical information and/or know-how on the products, required for the purpose of this agreement provided that in all circumstances, such drawings, information and/or know-how remains confidential and the property of Siebtechnik.

Under the terms of the agreement, Siebtechnik will at the request of our Company and for the periods reasonably required by our Company, but in any event not exceeding three weeks, provide our Company with the services of skilled personnel on the terms and conditions specified in the agreement for the purpose of instructing our Company and its employees in the manufacture, use and maintenance of the products and for the purpose of advising our customers, on the use and maintenance of the products. Additionally, Siebtechnik has also undertaken to instruct two employees of our Company in Siebtechnik's own works in Dusseldorf, Germany and to explain to such employees the manufacture and use of the products. Furthermore, if any raw materials or components required for the manufacture are not available in India exactly as per the original design of Siebtechnik, our Company will need to obtain the written consent of Siebtechnik before undertaking any design modification. Similarly, our Company has to obtain the written consent of Siebtechnik before undertaking any major modification in or to the products and Siebtechnik can make use, free of charge, of these modifications or improvements suggested by our Company, in all other places other than in India, Bangladesh and Nepal.



*Consideration:* Under the terms of the license agreement, Siebtechnik is entitled to a royalty, payable in Euros, calculated at the rate of 5% over the total turnover of the products based on value of bare machines after deductions of any components supplied by Siebtechnik. Such royalty is to be calculated on the Company's net price invoiced to the Company's customers ex- works after deducting all discounts, other than cash discounts, and all packaging, railage, delivery and erection costs and sales taxes.

*Term and termination:* Our Company and Siebtechnik have agreed that this agreement shall continue indefinitely from February 1, 2010, unless either party to this agreement gives the other party six months prior written notice of termination, provided that such notice of termination may only be given effect after December 31, 2019. However, this agreement may be terminated on an earlier date, if agreed to by the parties concerned or in the event of either party committing a breach of any of the terms and conditions of this agreement and failing to remedy such breach within 90 days after having received written notice from the other party in relation to such breach.

#### ***License agreement between Maschinenfabrik Liezen Und Giesserei GmbH, and our Company***

*General:* Our Company entered into a license agreement with Maschinenfabrik Liezen Und Giesserei GmbH ("**Maschinenfabrik**") on July 21, 2009, for sale and manufacturing of various types of crushers including jaw crusher, impact crusher, hammer mill, roller crusher, compound crusher and mobile crushing plant which are in the range of products of Maschinenfabrik by our Company.

*Scope:* Our Company and Maschinenfabrik have agreed that all four models of cone crushers will be imported from Maschinenfabrik for all future requirements by various customers. Additionally, for certain machines, the critical components will also be supplied by Maschinenfabrik. The license has been given to our Company on an exclusive basis for the territory of India, Bangladesh, Nepal, South-East Asia and the Middle East. Our Company and Maschinenfabrik have agreed that the components will be sourced / manufactured by our Company in India strictly as per the design, drawings, quality and finishing standards stipulated by Maschinenfabrik. Furthermore, Maschinenfabrik, among other things, has agreed to provide our Company with selection and processing solution based on technical parameters given by customers, installation draft and basic engineering and supply of technical inputs, to enable our Company to prepare quotations, supply of manufacturing drawings and detailed engineering of all orders and supply of quality check procedures.

*Consideration:* The license agreement provides that our Company may fix the price of the products after consulting and taking the approval of Maschinenfabrik. Maschinenfabrik shall send on the request of our Company, the necessary technical information, bill of material, GA Drawing and other requirements to enable our Company to make costing of equipments. An amount of 80,000 Euros was paid by our Company to Maschinenfabrik at the time of entering into this agreement. For the subsequent order of the same machine, a royalty of 5% of the order value of the bare machine is required to be paid to Maschinenfabrik.

*Term and termination:* The license agreement is initially valid for a period of 10 years and is automatically extendable for an additional period of 10 years. Any of the parties may choose to terminate the license agreement after giving six months prior written notice to the other party. Further, the license agreement is not assignable by either of the parties without the consent of the other.

#### ***License agreement between PEYTEC Material Handling GmbH and our Company***

*General:* Our Company entered into a license agreement with PEYTEC Material Handling GmbH ("**PEYTEC**") on September 3, 2003 for the manufacturing of 'Gladiator' flip-flop screening machines and all other conventional screens by our Company.

*Scope:* Our Company and PEYTEC have agreed that all major components of flip-flow screens such as drive units, screens mats and other components which may be difficult to get in India will be supplied by PEYTEC. However, on a case to case basis both parties may agree for sourcing/manufacturing of drive units in India. The other components such as side walls, cover and support frames will be manufactured by our Company as per the drawing, design, quality and finishing standards of PEYTEC. The license has been given to our Company on an exclusive basis for the territory of India, Bangladesh, Nepal, South-East Asia and the Middle East. Furthermore, PEYTEC, among other things, has agreed to provide selection and processing solution based on technical parameters given by customers, installation draft and basic engineering, supply of manufacturing drawings and supply of quality check procedures.



PEYTEC has agreed to jointly guarantee the machines supplied towards successful performance. The precise scope of delivery will be stipulated according to each individual order and agreement. Further, the prices of imported components will be based on equipment price basis and not on valid spare parts basis.

*Consideration:* The license agreement provides that the price to be paid to PEYTEC for design, drawing, and items to be supplied by PEYTEC shall be decided between the parties on a case to case basis.

***License agreement between Hein, Lehmann, Trenn-und Fordertechnik GmbH, Krefeld, Germany and our Company***

*General:* Our Company entered into a license agreement with Hein, Lehmann, Trenn-und Fordertechnik GmbH, (“**HLT**”) on September 2, 2005, for manufacturing ‘Liwell’ flip-flow screens by our Company.

*Scope:* Our Company and HLT have agreed that the major critical components of the screens such as drive units, polyurethane screen mats, guide and thrust rod springs and other rubber components which may be difficult to procure in India will be supplied by HLT from Germany. All other components such as side walls and crossbeams, cover, support frames, hardware and fastener will be manufactured by our Company as per the drawing, design, quality and finishing standards of HLT. HLT has agreed that in case the products manufactured by HLT are defective, HLT will be under an obligation to supply appropriate replacements at its own cost. The license has been given to our Company on an exclusive basis only for the territory of India.

*Consideration:* The parties have agreed that financial conditions shall be discussed and fixed individually on each project.

*Term and termination:* The license agreement may be terminated by HLT or our Company without assigning any reason on giving a notice. No party shall have to fulfill any claims in case of termination of the license agreement.

***Co-operation agreement between MVW Lechtenberg Projektentwicklungs und Beteiligungsgesellschaft GmbH and our Company***

*General:* Our Company entered into a co-operation agreement with MVW Lechtenberg Projektentwicklungs und Beteiligungsgesellschaft GmbH (“**MVW Lechtenberg**”) on May 30, 2006, for the development of secondary fuel production and biomass handling projects in India.

*Scope:* Our Company has been appointed as MVW Lechtenberg’s only representative/licensee in India and is permitted to sell the products only to those customers who have their place of business in India. Our Company is entitled to receive technical assistance as well as consultancy service in terms of this co-operation agreement. MVW Lechtenberg has agreed to provide our Company with consultancy services for planning and construction of processing facilities for the alternative fuels. MVW Lechtenberg will provide our Company the latest technology in relation to air classifier, separating technology, software systems, chemical and physical assessment of wastes and waste suitability test as fundamentals for the planning as well as the specification of the needed processing technology. MVW Lechtenberg has also agreed to be involved in the selection of machines based on technical parameters given by the customer, supply of basic engineering and technical inputs to enable our Company to prepare quotations, supply of manufacturing drawing of the components to be manufactured in India of all orders and supply of quality procedure to be followed during test run.

*Consideration:* In relation to the manufacture of waste recycling systems, the parties have agreed that the major engineering including input evaluation, physical and chemical analysis, product specification and feasibility study will be supplied by MVW Lechtenberg from Germany. These will be supplied on an agreed commission for each project which is 5% made towards the supplies made in India. However, the said price percentage is only for the first and second projects and thereafter, the percentages would be revised based on the outcomes of the first two projects. All the other services and components such as detailed engineering, manufacturing and erection will be manufactured by our Company as per basic engineering, design, quality and finishing of MVW Lechtenberg. MVW Lechtenberg may raise monthly invoices to the Company for which payments will have to be made by the Company.

*Term and termination:* This co-operation agreement is renewable annually for a total period of five years. This agreement can be terminated before its term by giving minimum of three months notice of termination by either of the parties to the agreement.



#### ***License agreement between Won Duck Industrial Machinery Company Limited and our Company***

*General:* Our Company entered into a license agreement with Won Duck Industrial Machinery Company Limited (“**Won Duck**”) on June 15, 2007, for the sale of cone crushers and manufacture of single toggle jaw crushers.

*Scope:* Our Company and Won Duck have agreed that our Company will import all the models of cone crushers from Won Duck for all future requirements. The other types of crushers as mentioned in the license agreement shall be manufactured by our Company in India as per the design and manufacturing drawing of Won Duck. Further, for certain machines, the critical components, if required by our Company, will be supplied by Won Duck on mutually agreed terms and conditions. Additionally, in case of aggregate crushing plant for road construction projects, the cone crushers will be supplied by Won Duck from Korea and the other non-critical machines will be manufactured by our Company.

The license has been granted to our Company on an exclusive basis for the territory of India, Bangladesh, Nepal, South East Asia, Middle East and South Africa. Our Company is permitted only to sell the products to customers having their place of business in the abovementioned territories. The parties have further agreed that the components manufactured/sourced by our Company in India will be strictly as per the designs, drawings, quality and finishing standards of Won Duck. Furthermore, Won Duck, among other things, has agreed to provide selection and processing solution based on technical parameters given by customers, installation draft and basic engineering and supply of technical inputs to enable our Company to prepare quotations, supply of manufacturing drawings and detailed engineering of all orders and supply of quality check procedures.

*Consideration:* The license agreement provides that our Company is free to fix the price of the products provided it safeguards the minimum price indicated by Won Duck in case of imported components. In specific cases if prices of imported components are to be changed or reduced, our Company has to discuss the same with Won Duck. Our Company has agreed to pay at the rate USD 0.35 per Kg for the exactly figured weight of the bare machine towards the charges for supply of the complete set of manufacturing drawings and other details. For any subsequent order of the same machine from the second machine onwards, a royalty of 5% is payable.

*Term and termination:* This license agreement is valid for a period of five years and will thereafter automatically extend for another five years, as per mutually agreed terms. Either party may terminate this license agreement by giving at least one month advance notice in writing from the targeted date of termination.

#### ***License agreement entered into between FAM Magdeburger Forderungen und Baumaschinen GmbH and our Company***

*General:* Our Company entered into a license agreement with FAM Magdeburger Forderungen und Baumaschinen GmbH (“**FAM Magdeburger**”) on September 3, 2004 for, among other things, selling, designing, manufacturing and commissioning certain crushers, roller screens and grinding mills as specified in the license agreement. FAM Magdeburger and our Company entered into an amendment agreement on July 24, 2009, to, among other things, extend the validity of the license agreement until July 23, 2014.

*Scope:* Pursuant to the license agreement, FAM Magdeburger granted to our Company an exclusive right for the territories of India and Bangladesh and a non-exclusive right for the territories of Africa and Middle East (as far east as Iran), to sell, design, engineer, manufacture, transport, erect, commission and service certain crushers, roller screens and grinding mills as specified in the agreement. However, for Africa and Middle East (as far east as Iran), our Company is under an obligation to consult FAM Magdeburger prior to approaching any project in connection with its technical capability on a project by project basis. Under the terms and conditions of the license agreement, our Company is not permitted to sublicense the product concerned to any third party. The license agreement also envisages supply of technical data as well as training and technical support by FAM Magdeburger to our Company. The specific technical data to be provided to our Company by FAM Magdeburger shall include assembly drawings, detailed manufacturing and workshop drawing with material lists suitable for manufacturing in FAM Magdeburger’s workshops, technical specification, calculation sheet of motor power, quality assurance plan and erection and commissioning documentation. Our Company is not permitted to enter into any collaboration agreement with any third party with respect to the same or substantially similar products without prior written consent of FAM Magdeburger.





*Consideration:* As consideration for the license granted to our Company, our Company is required to make a non-refundable payment of approximately EURO 200,000 in instalments. Further, our Company has agreed to make royalty payment of 5% of the actual value of sales of related equipment and spare parts but in no case less than 50,000 Euros per fiscal year.

*Term and termination:* This license agreement is valid until July 23, 2014 unless terminated earlier. However, the agreement may be renewed by mutual agreement of the parties.

***Memorandum of understanding between GEA EGI Contracting/Engineering Company Limited and our Company***

*General:* Our Company entered into a MoU with GEA EGI Contracting/Engineering Company Limited (“**GEA**”) on August 18, 2008 to associate and collaborate in India for using circumix dense slurry mixers in mutual interest.

*Scope:* Our Company and GEA have agreed that our Company shall actively promote the high concentration slurry disposal (“**HCS**D”) system where bottom ash and fly ash are disposed together so that the circumix design patented by GEA can be used for which necessary support shall be provided by GEA to our Company. For projects where only fly ash is to be disposed, GEA will carry out rheological study of samples sent by our Company based on guidelines from GEA and suggest, among other things, pump parameters and pipe sizing. Further, after receipt and execution of the first contract, in order to become competitive for future jobs, GEA shall help our Company to indigenize the technology. It has been agreed between the parties that the co-operation shall be on an exclusive basis initially for two projects selected by our Company in six months from the date of signing of this MoU. In the event the projects are not selected within six months, the terms of the MoU will be mutually reviewed by the parties.

*Consideration:* The consideration to be paid to GEA by our Company shall be arrived on the basis of mutual discussions and agreement and keeping in mind the economic viability of competitive bidding.

*Term and termination:* The MoU is initially valid for a period of two years from the date of signing or the date of completion of the selected projects whichever is later.

***Memorandum of understanding between Xiamen Longking Bulk Materials Science and Engineering Company Limited and our Company***

*General:* Our Company entered into a MoU with Xiamen Longking Bulk Materials Science and Engineering Company Limited (“**Xiamen**”) on May 23, 2009, to associate and collaborate in India and other countries, as may be agreed, for dry bottom ash handling system, pneumatic conveying fly ash handling system and coal mill rejects handling system.

*Scope:* Our Company and Xiamen have agreed that our Company shall actively promote dry bottom ash handling system and pneumatic coal mill reject handling system for which necessary support shall be provided by Xiamen. Xiamen will also provide the design calculations and sizing for the equipment and will supply various equipments as agreed between the parties. For the dry ash handling system, Xiamen will supply equipments and design calculations on a case to case basis. Further, after the award of any contract to our Company, Xiamen is required to work out design calculations and carry out necessary design of the system based on the agreement between the parties, and guarantee satisfactory performance of the system as a whole in terms of the requirements of the customers. Xiamen has also agreed to help our Company in manufacturing the products in India by providing design drawings. Other than certain projects that Xiamen is executing with another partner, the co-operation between Xiamen and our Company is on an exclusive basis.

*Consideration:* The consideration to be paid to Xiamen by our Company shall be arrived on the basis of mutual discussions and agreement and keeping in mind the economic viability of competitive bidding.

*Term and termination:* Xiamen and our Company have agreed that they shall enter into a detailed collaboration agreement within six weeks of the date of signing of this MoU. This MoU is initially valid for a period of five years. However, it has been agreed that this MoU shall terminate upon the execution of the detailed collaboration agreement or 12 months from the date of the MoU, whichever is earlier.

***Co-operation agreement between Greenbank Terotech Limited and our Company***



*General:* Our Company entered into a co-operation agreement with Greenbank Terotech Limited (“**Terotech**”) on August 22, 2008, for supply of cast basalt pipe and pipe fittings for the Indian market to be used in the conveying of abrasive materials such as ash and slurry for core sector industries.

*Scope:* The co-operation agreement contemplates our Company procuring cast basalt liners from Terotech on a case to case basis. Amongst other things, the activities performed by the parties will include marketing in the Indian market in connection to promoting Terotech’s product by offering pipe, fittings and other liners manufactured by Terotech. Terotech has also agreed to provide training in United Kingdom to the engineers of our Company.

*Consideration:* Terotech will also offer special terms and conditions and price to our Company for our requirement of liners which in turn will enable our Company to be competitive in bids for ash handling system where cast basalt liners form a major part of supply. Further, in relation to costs, the agreement contemplates that payment towards supplies will be made by our Company to Terotech by confirmed letter of credit which will have a mutually agreed payment period.

*Term and termination:* This co-operation agreement is initially valid for a period of two years unless extended by mutual agreement. The parties may, however, choose to terminate the agreement before its expiry by mutual written declaration.

#### ***Collaboration agreement between Trema Verfahrenstechnik GmbH and our Company***

Our Company entered into a collaboration agreement with Trema Verfahrenstechnik GmbH on April 25, 2007, pursuant to which the parties have agreed that the joint venture company *i.e.* Tecpro Trema would manufacture critical equipment’s of air and gas pollution control system under the brand name of Trema and that Trema Verfahrenstechnik GmbH would support Tecpro Trema in process design and guarantees and sourcing of imported equipment. Our Company and Trema Verfahrenstechnik GmbH have also agreed that they will train the employees of Tecpro Trema on technical matters as and when required. Further, the parties have agreed that except for their existing business and arrangement, they will not directly or indirectly compete in any part of India with the other party or Tecpro Trema, in any manner whatsoever, without the prior written approval of the other party. Additionally, the rights, license, authorisations, obligations and liabilities under the agreement cannot be transferred to any third party by either party to the agreement without the consent of the other. For further details, see “—**Our Subsidiaries**” above.

#### **Shareholders Agreements**

***Shareholders’ agreement dated February 14, 2009, among Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Avigo Trustee Company Private Limited, Avigo Venture Investments Limited, Metmin Investments Holdings Limited, Credit Suisse PE Asia Investments (Mauritius) Limited and our Company and supplementary shareholders’ agreement dated September 29, 2009, among Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Avigo Trustee Company Private Limited, Avigo Venture Investments Limited, Metmin Investments Holdings Limited, Credit Suisse PE Asia Investments (Mauritius) Limited, Bond Street Custodians Limited (in its capacity as custodians for Macquarie Asia Pacific Co-Investment Fund) (hereinafter collectively referred to as “Investors”) and our Company***

Our Promoters, our Company and Avigo Trustee Company Private Limited, Avigo Venture Investments Limited, Metmin Investments Holdings Limited, Credit Suisse PE Asia Investments (Mauritius) Limited entered into a shareholders’ agreement on February 14, 2009, to record the manner in which the Company’s affairs shall be conducted, the manner in which the Investors and the Promoters will participate in the business of the Company and act in the operation, administration and management of the Company, to regulate their relationship as shareholders of the Company and to determine and identify certain rights and obligations attached to their shareholding and other terms and conditions relating thereto. Furthermore, the Investors, our Promoters and our Company entered into a supplementary shareholders agreement on September 29, 2009 to amend the Shareholders’ Agreement after the Promoters made a sale of 1,650,000 Equity Shares to Macquarie Asia Pacific Co-Investment Fund (“**Macquarie**”). The shareholders agreement dated February 14, 2009 together with the supplementary shareholders agreement dated September 29, 2009, is hereinafter referred to as the ‘Shareholders’ Agreement’. For details of the Equity Shares allotted to the Investors, see “**Capital Structure**” on page 30.





*Anti-dilution rights of Avigo Trustee Company Private Limited, Avigo Venture Investments Limited, Metmin Investments Holdings Limited (“Financial Investors”), Credit Suisse PE Asia Investments (Mauritius) Limited (“Credit Suisse”) and Macquarie:* The parties have agreed that the Company, except in cases of sweat equity/employee stock option plan/employee stock purchase scheme in accordance with this Shareholders’ Agreement, shall not issue shares to a third party at a price lower than Rs. 240 per share unless written consent is given by the Financial Investors and Macquarie. Furthermore, if the price at which equity shares will be issued to the public in the initial public offer of the Company as determined by the lead merchant banker is lower than Rs. 240 per equity share, Credit Suisse and/or its affiliates will have the right to purchase from the Promoters such number of equity shares in accordance with the terms specified in the investment agreement dated December 4, 2007 (**‘CS Investment Agreement’**), entered into among Credit Suisse, our Promoters and our Company. For further details, see “— **Investment Agreement among Credit Suisse, Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and our Company – IPO price information and call option**” below.

*Shareholders’ pre-emption rights and options:* Other than in case of a corporate restructuring event and in case of an initial public offer as specified in the Shareholders’ Agreement, the Company shall not issue any further shares, warrants or other securities convertible or exchangeable into shares of the Company unless such further shares/securities have first been offered to all the shareholders of the Company, in proportion to their shareholding on the date of such issue. The Financial Investors also have a right to make additional subscription at minimum permissible valuation or put option of the Financial Investors in any corporate restructuring event and any specified liquidity event, as described in the Shareholders’ Agreement.

*Buy-back and buy-out rights:* Without prejudice to any remedies available to the Financial Investors, in the event certain specified breaches, as provided in the Shareholders’ Agreement, by the Promoters and/or the Company is not remedied within 20 days of receipt of formal written notice from the Financial Investors, the Financial Investors shall be entitled to sell to the Promoters, and the Promoters shall be, jointly and severally, under an unconditional obligation to buy from the Financial Investors the equity shares held by them at a price per equity share not less than the cost of acquisition of the abovementioned equity shares plus 30% annualized return. Similarly, without prejudice to any remedies available to the Financial Investors, in the event certain specified breaches, as provided in the Shareholders’ Agreement, by the Promoters and/or the Company is not remedied within 20 days of receipt of formal written notice from the Financial Investors, the Financial Investors shall be entitled to acquire all shares held by the Promoters in the Company at a discounted price calculated in accordance with the Shareholders’ Agreement.

*Shareholders’ exit, transfer and related rights:* Except with the prior written consent of the Board, the Promoters and their associates, affiliates and related parties of the Promoters shall not pledge, mortgage, hypothecate, charge or otherwise encumber any of the shares of the Company nor otherwise use such shares as collateral for any purpose which could result in an involuntary transfer of such shares or any right, title or interest therein in favour of any person, other than those given as collateral with the personal guarantees given by the Promoters in the ordinary course of business as on the date of this Shareholders’ Agreement. Furthermore, neither the Promoters nor the related parties of the Promoters, or their affiliates, or their associates shall transfer any part of the equity shares of the Company held by them, directly or indirectly, to any person except with the prior written discretionary consent of each of the Financial Investors. However, the Promoters may transfer their shareholding inter se among the Promoters or to their affiliates or related parties of the Promoters without the prior written discretionary consent of any of the Financial Investors and also without granting the Financial Investors or Credit Suisse or Macquarie any ROFR. The Investors are free and fully entitled to transfer any or all of the equity shares of the Company held by them, provided such sale is not to a competitor of the Company and provided that the Promoters are given a right of first offer. The Investors also have certain tag along rights as specified in the Shareholders’ Agreement.

*Board of directors:* The parties have agreed that unless otherwise agreed, the strength of the Board shall be 10 Directors where each of the Financial Investors shall have a right to nominate one Director. The parties have further agreed that Credit Suisse and Macquarie shall have the right to nominate a representative to attend the meetings of the Board. Such representative of Credit Suisse and Macquarie shall however, have no voting rights.

*Super majority rights:* The Shareholders’ Agreement provides that resolutions in relation to certain matters at the Board level and at the general meeting level can only be passed with the affirmative vote of nominee(s) of the Financial Investors in addition to the affirmative vote of the Promoters. Such matters, among other things, include, restructuring, merger and acquisition activities, change in capital structure of the Company including but not limited to issuance of new equity, warrants, convertibles, or equity linked securities, either as public offering or on a preferential basis or on a private placement basis, any fresh issue of capital, amendment of the



constitutional documents, declaration of any dividends or the distribution in any other form to the Shareholders of the Company exceeding 20% of profit after tax, any change in the terms of the initial public offer as contemplated by this Shareholders' Agreement, establishment of subsidiaries and/or entering into of any partnerships or joint ventures which require capital investment, diversification or proposed entry into new business or activity which falls outside the scope of its current areas of operations, any alteration to the rights of any class of equity shares, and any change, proposal plan or action which has the effect of materially affecting the rights and interest of any of the Financial Investors as contained in the Shareholders' Agreement.

*Credit Suisse's reserved matters:* The parties have agreed that from the effective date of the Shareholders' Agreement and until the successful completion of the initial public offer of the Company, the Company and the Promoters shall take the prior written consent of Credit Suisse before amending or changing the rights, privileges, powers or restrictions provided under the Shareholders' Agreement, any amendment or change of the terms of the constitutional documents of the Company except as expressly provided under the Shareholders' Agreement, provided that any such amendment or change shall not adversely affect the rights, privileges and powers of Credit Suisse under the Shareholders' Agreement and any action that would result in liquidation, dissolution or winding up of the Company.

*Macquarie's reserved matters:* The parties have agreed that notwithstanding anything contained in the Shareholders Agreement, for so long as Macquarie holds more than 0.5% of the share capital of our Company, our Company and the Promoters shall take the prior written consent of Macquarie for any action that would alter or change the rights or privileges, obligations or liabilities of Macquarie, any modification or amendment to the Company's constitutional documents, dissolution of the Company or filing for bankruptcy, entering into, rearranging or rescheduling debt or the provisions of any loans or guarantee or extension of any credit or creation of any encumbrance on any asset including any freehold or leasehold properties of the Company, other than in the ordinary course of business and undertaking any new business or any material change in the scope, nature, structure, and/or activities of the Company's business other than those stated in its memorandum.

*Termination of special rights available to the Investors:* The parties have expressly agreed that this Shareholders Agreement along with the CS Investment Agreement and the share subscription agreement dated September 11, 2008, shall stand terminated on and from the date of allotment of equity shares of the Company, consequent to an initial public offer and that the equity shares allotted to and/or held by each of the Financial Investors, Credit Suisse and Macquarie shall not carry any of the preferential rights and privileges as provided for in the Shareholders' Agreement except for the rights in relation to nomination of directors by each of the Financial Investor on the Board of the Company. Provided however that after the initial public offer, the Financial Investors shall have a right to nominate only one nominee director of the Board.

***Investment Agreement dated December 4, 2007, among Credit Suisse, Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and our Company***

Credit Suisse, Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and our Company entered into an investment agreement on December 4, 2007 pursuant to which Credit Suisse subscribed to 1,000,000 Equity Shares ("**New Shares**") at a premium of Rs. 230 per Equity Share of the Company of face value of Rs. 10 each. Subsequently, the Investors entered into the Shareholders' Agreement which provided for the termination of the CS Investment Agreement except certain provisions relating to representation and warranties of the Credit Suisse and the Company, confidentiality, notice of certain events and IPO price information and call option.

*IPO price information and call option:* Under the terms of the CS Investment Agreement, if the price at which Equity Shares are to be issued to the public in the initial public offer of the Company ("**IPO Price**") as determined by the lead merchant banker is lower than Rs. 240 per Equity Share, Credit Suisse and/or its affiliates will have the right to purchase from the Promoters such number of equity shares ("**Adjustment Shares**") at the lowest permissible price per share at which equity shares of the Company may be sold by a resident to a non-resident under the RBI guidelines applicable at the relevant time ("**Floor Price**"), as necessary to ensure that the:

$$\text{IPO Price} = (A+B)/C$$

Where:

A = New Shares x Rs. 240

B = Adjustment Shares x Floor Price



$C = \text{New Shares} + \text{Adjustment Shares}$

The CS Investment Agreement however provides that the number of Adjustment Shares required to be sold by each Promoter pursuant to the exercise of the option by the Credit Suisse shall not exceed 55,000 equity shares.

For further information, see “*Capital Structure*” on page 30.

### **Other Material Agreements**

#### ***Memorandum of understanding between Avigo Corporation FZCO and our Company***

Our Company entered into a MoU with Avigo Corporation FZCO (“**Avigo FZCO**”) on June 1, 2004, for appointing Avigo FZCO as its exclusive marketing agent and distributor in Middle East and Africa (excepting Morocco and the existing customer base in Sudan). The purpose of the MoU is to have an exclusive marketing arrangement with Avigo FZCO under which Avigo FZCO will market and sell our Company’s products and services in the form of material handling systems, crushers, screening systems, related turnkey projects in Middle East and African markets (excepting Morocco and the existing customer base in Sudan).

The price for each inquiry by a prospective customer will be quoted by our Company and Avigo FZCO will be entitled to a commission of 2.5% to 10% on the said price. The commission and service charges will be decided on a case to case basis. Our Company will be responsible for the quoting against inquiries, presentation, execution, technical support and logistics/shipping and are also, for our registration with any customer /agency as may be required and for the product quality, product liability and delivery schedules.

Either party may terminate this MoU by giving a one year prior notice to the other party which must also indicate the reasons for the termination. In such an event, Avigo FZCO will continue to be entitled for commissions on orders which subsist during the validity of this MoU and the notice period of one year.

Except as described in this section, we have not entered into any material contract, not being a contract entered into in the ordinary course of the business carried out on or intended to be carried on by us or a contract entered into more than two years before the filing of the Draft Red Herring Prospectus.

### **Strategic and Financial Partners**

Other than as disclosed above, we do not have any strategic and financial partners.



## OUR MANAGEMENT

Our Articles of Association require us to have not less than three and not more than 12 Directors. We currently have 12 directors on our Board.

The following table sets out the current details regarding our Board as on the date of the filing of this Draft Red Herring Prospectus:

Name, Designation, Occupation and Nationality	Age (years)	Address	DIN	Other Directorships
<b>Mr. Ajay Kumar Bishnoi</b>  <b>Designation:</b> Chairman and Managing Director  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>Term:</b> Appointed for a period of five years with effect from July 17, 2006	52	Flat No. 5, Door no. 48, (New no. 58), Third Main Road, Kasturbha Nagar, Adyar, Chennai 600 020, India	00013917	1. Tecpro Energy Limited; 2. Tecpro Trema Limited; 3. Tecpro International FZE; 4. Tecpro Systems (Singapore) Pte. Limited; 5. Tecpro Infotech Private Limited; 6. Tecpro Paints Private Limited; 7. Hythro Power Corporation Limited; 8. Bishnoi Capitals Private Limited; and 9. ABAG Hi-tech Education Private Limited.
<b>Mr. Amul Gabrani</b>  <b>Designation:</b> Vice-Chairman and Managing Director  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>Term:</b> Appointed for a period of five years with effect from July 17, 2006	50	FB-26, Tagore Garden, New Delhi 110 027, India	00016556	1. Tecpro Energy Limited; 2. Tecpro Trema Limited; 3. Tecpro International FZE; 4. Tecpro Systems (Singapore) Pte. Limited; 5. Tecpro Infotech Private Limited; 6. Tecpro Paints Private Limited; 7. Hythro Power Corporation Limited; 8. Gabrani Holdings Private Limited; and 9. ABAG Hi-tech Education Private Limited.
<b>Dr. Goldie Gabrani</b>  <b>Designation:</b> Whole-time Director  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>Term:</b> Appointed for a period of five years with effect from January 23, 2010	47	FB-26, Tagore Garden, New Delhi 110 027, India	01343108	1. Tecpro Energy Limited; and 2. Gabrani Holdings Private Limited.
<b>Mr. Arvind Kumar Bishnoi</b>  <b>Designation:</b> Whole-time Director  <b>Occupation:</b> Business  <b>Nationality:</b> Indian	25	Flat No. 5, Door no. 48, (New no. 58), Third Main Road, Kasturbha Nagar, Adyar, Chennai 600 020, India	00013795	Nil



Name, Designation, Occupation and Nationality	Age (years)	Address	DIN	Other Directorships
<b>Term:</b> Appointed for a period of three years with effect from April 1, 2009				
Mr. Amar Banerjee	63	Flat No. 6, Royal Homes; Balaji Park, Aundh, Pune 411 007, Maharashtra, India	00475983	Nil
<b>Designation:</b> Whole-time Director				
<b>Occupation:</b> Service				
<b>Nationality:</b> Indian				
<b>Term:</b> Appointed for a period of one year with effect from April 2, 2010				
Mr. Achal Ghai	46	Villa No 6, Cluster 40, Jumeirah Islands P.O. Box no 18264, Dubai, UAE	00312672	1. Avigo Venture Investments Limited; 2. Avigo Corporation Limited; 3. Tecpro International FZE; 4. Avigo Capital Managers Private Limited; 5. Avigo Capital DMCC; 6. Nafto Gaz India Private Limited; 7. Bharat Box Factory Limited; and 8. Avigo PE Investments Limited.
<b>Designation:</b> Non-executive Director				
<b>Occupation:</b> Business				
<b>Nationality:</b> Canadian				
<b>Term:</b> Liable to retire by rotation				
Mr. Suresh Kumar Goenka	53	P-119 C.I.T. Road, Scheme VI M Fulbagan, Kolkata 700 054, West Bengal, India	00392433	1. Midas Touch Health Care Private Limited.
<b>Designation:</b> Independent Director				
<b>Occupation:</b> Professional				
<b>Nationality:</b> Indian				
<b>Term:</b> Liable to retire by rotation				
Mr. Brij Bhushan Kathuria	54	6704 DLF Phase- IV, Gurgaon 122 002, Haryana, India	00593149	1. JPK Developers Private Limited; 2. LNK Infrastructures Private Limited; 3. LNK Infrastructures Developers Private Limited; 4. Tript Hotels and Resorts (P) Limited; 5. BT Developers Private Limited; 6. LNK Hotels Private Limited; 7. Innovida Safeer India Private Limited; 8. Ishwar Realtors Private Limited; 9. Gurudeepak Constructions Private Limited; and 10. JPK Towers Private Limited.
<b>Designation:</b> Independent Director				
<b>Occupation:</b> Professional				
<b>Nationality:</b> Indian				
<b>Term:</b> Liable to retire by rotation				
Mr. Satvinder Jeet Singh Sodhi	56	A-4, MCD Officers Flats, Soami Nagar, New Delhi 110 017, India	00259061	1. HS Healthcare Private Limited.
<b>Designation:</b> Independent Director				



Name, Designation, Occupation and Nationality	Age (years)	Address	DIN	Other Directorships
<b>Occupation:</b> Professional				
<b>Nationality:</b> Indian				
<b>Term:</b> Liable to retire by rotation				
Mr. Anunay Kumar	64	602, Jindal Enclave, New Prabhadevi Road, Prabhadevi, Mumbai 400 025, Maharashtra, India	01647407	1. JSW Aluminium Limited; and 2. DESCON Limited
<b>Designation:</b> Independent Director				
<b>Occupation:</b> Business				
<b>Nationality:</b> Indian				
<b>Term:</b> Liable to retire by rotation				
Mr. Sakti Kumar Banerjee	65	A-4/6, Panchasayar, Flat No.- 6, Baitalik Co-op Housing Society, Kolkata 700 094, West Bengal, India	00631772	1. PervCom Consulting Private Limited; 2. Himadri Chemicals & Industries Limited; and 3. Hindustan Copper Limited.
<b>Designation:</b> Independent Director				
<b>Occupation:</b> Service				
<b>Nationality:</b> Indian				
<b>Term:</b> Liable to retire by rotation				
Mr. Subrata Kumar Mitra	62	1201, Phoenix Tower, B Wing, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Maharashtra, India	00029961	1. Reach (Cargo Movers) Private Limited; 2. Hexaware Technologies Limited; 3. Agile Financial Advisors (P) Limited; 4. SKP Securities Limited; 5. Mangal Keshav Holdings Limited; 6. Mangal Keshav Securities Limited; 7. Century Real Estate Holdings (P) Limited; 8. Avigo Capital Partners Private Limited; 9. BDO Consulting Private Limited; 10. Destimoney Securities Private Limited; 11. LIC Mutual Fund AMC Limited; 12. Usha Martin Education & Solutions Limited; and 13. QSK Advisory Service Pvt. Limited.
<b>Designation:</b> Independent Director				
<b>Occupation:</b> Service				
<b>Nationality:</b> Indian				
<b>Term:</b> Liable to retire by rotation				

Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani are Promoters of our Company. Further, except Mr. Ajay Kumar Bishnoi, father of Mr. Arvind Kumar Bishnoi and Dr. Goldie Gabrani who is the wife of Mr. Amul Gabrani, none of our Directors is related to each other.



## Details of Directors

**Mr. Ajay Kumar Bishnoi**, is our Chairman and Managing Director. He holds a bachelor's degree in commerce from St. Xavier's College, Kolkata and a master's diploma in business administration with an additional qualification in material management from the Institute of Management Development and Research, Pune. He started his career in 1978 as a management trainee in Bharat Forge Company Limited and has more than 31 years of experience in the material handling industry. Between 1979 and 2002 he was associated with various companies such as Eagle Flasks Limited, Usha Breco Limited, Beardsell Engineering (a division of Nava Bharat Ferro Alloys Limited) and Fenner (India) Limited. He joined our Board on April 6, 2002.

**Mr. Amul Gabrani**, is our Vice-Chairman and Managing Director. He is also the founding member of our Company. He holds a bachelor's degree in mechanical engineering from Delhi College of Engineering and a master's degree in business administration from the University of Delhi. He started his career with Ingersoll Rand in 1981 and has more than 28 years of experience in the material handling industry. He was associated with Voltas Limited from 1984 to 1986 and thereafter worked with Fenner (India) Limited until 1990. He has been a member of our Board of Directors since incorporation.

**Dr. Goldie Gabrani**, is a Whole-time Director of our Company. She holds a bachelor's degree in engineering (electronics and communication) from Delhi College of Engineering, a master's degree in electrical engineering and a degree of Doctor of Philosophy from University of Delhi. She has more than 22 years of teaching experience in computer science and information technology. She was earlier working with the Delhi College of Engineering as professor and head of the department of computer engineering and information technology. She joined our Board on March 16, 2007.

**Mr. Arvind Kumar Bishnoi**, is a Whole-time Director of our Company. He holds a bachelor's degree in engineering (electronics and communication) from SRM University, Chennai and master's degree in business administration from Symbiosis Institute of Management, Pune. He joined our Board on April 1, 2005.

**Mr. Amar Banerjee**, is a Whole-time Director of our Company. He holds a bachelor's degree in engineering (mechanical) from Jadavpur University, Kolkata. He has 39 years of experience in ash handling and travelling water screens, industry. He was previously working with Mahindra Ashtech Limited and was responsible for marketing, manufacturing and sales division. He joined our Board on April 2, 2010.

**Mr. Achal Ghai**, is a Director on the Board of our Company. He holds a bachelor's degree in commerce from Guru Nanak Dev University, Amritsar and a master's degree in business administration from University of Delhi. He has experience in corporate and investment banking and has worked with international banks across India, Dubai and Canada. He is on the board of several Indian and international companies and advises conglomerates in Canada, UK, Malaysia, Dubai and India. He joined our Board on November 24, 2005.

**Mr. Suresh Kumar Goenka**, is an independent Director of our Company. He is a chartered accountant and holds a bachelor's degree in commerce from St. Xavier's College, Kolkata. He has more than 25 years of experience in legal, financial, taxation and other commercial matters in India and abroad. In the past he has been associated with Price Waterhouse & Co. Presently, he is pursuing his own practice in Goenka Suresh & Associates. He joined our Board on July 26, 2006.

**Mr. Brij Bhushan Kathuria**, is an independent Director of our Company. He is a chartered accountant and holds a Bachelor's degree in sciences from Kurukshetra University. He has more than 26 years of experience in finance, taxation, auditing in India and abroad and has also served in senior management roles in companies based in Africa and Middle East. He joined our Board on July 26, 2006.

**Mr. Satvinder Jeet Singh Sodhi**, is an independent Director of our Company. He is a management accountant, chartered accountant, holds a bachelor's degree in commerce from Government College, Chandigarh and is also a law graduate from University of Delhi. He has served as a civil service officer and in the past has held various senior key positions in government departments. He also served as the joint commissioner of industries, general manager - Delhi Finance Corporation and the chief executive officer of certain public sector enterprises. He earlier worked as the executive director of the Delhi Stock Exchange and has also been associated with committees of various ministries. Presently, he is the chief executive officer and executive director of Dr. B.L. Kapur Memorial Hospital, New Delhi. He joined our Board on June 20, 2007.





**Mr. Anunay Kumar**, is an independent Director of our Company. He holds a bachelor's degree in mechanical engineering from the University of Ranchi and also holds a diploma in management from the All India Management Association, New Delhi. He has more than 43 years of work experience in the steel industry in India and abroad. In the past he has been associated with various companies such as, Mecon Limited and retired as its director (technology) in 2004. He also serves as a director of JSW Aluminium Limited and DESCON Limited. He joined our Board on June 20, 2007.

**Mr. Sakti Kumar Banerjee**, is an independent Director of our Company. He is a chartered accountant and holds a bachelor's degree in civil engineering from University of Jadavpur. He was associated with NALCO as its chairman and managing director and is presently holding the position of the managing director of PervCom Consulting Private Limited. He joined our Board on November 15, 2007.

**Mr. Subrata Kumar Mitra**, is an independent Director of our Company. He holds a bachelor's degree from Bangabasi College, Kolkatta, master's degree in science from Calcutta University and a master's degree in business administration from the U.S. He has more than 25 years of experience in financial services sector. He has previously been associated with various organizations such as, Standard Chartered Bank, Mumbai, American Express Bank, GIC Mutual Fund and Aditya Birla Group. He joined our Board on April 2, 2010.

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

Our Articles of Association, subject to the provisions of the Companies Act, authorize our Board to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Our shareholders have, pursuant to a resolution passed at the extraordinary general meeting dated June 23, 2009, authorized our Board/ Committee of Directors to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of our Company and its free reserves not exceeding Rs. 25,000 million at any time.

### **Compensation paid to our Directors**

<b>Name of Directors</b>	<b>Date of appointment</b>	<b>Term</b>	<b>Compensation</b>	<b>Remuneration in fiscal 2010 (in Rs.)</b>
Mr. Ajay Kumar Bishnoi	July 17, 2006 <sup>#</sup>	Appointed for a term of five years	See “— <i>Terms and conditions of appointment of our executive directors</i> ” below.	40.40 million
Mr. Amul Gabrani	July 17, 2006 <sup>#</sup>	Appointed for a term of five years	See “— <i>Terms and conditions of appointment of our executive directors</i> ” below.	40.40 million
Dr. Goldie Gabrani	January 23, 2010 <sup>##</sup>	Appointed for a term of five years	See “— <i>Terms and conditions of appointment of our executive directors</i> ” below.	9.62 million
Mr. Arvind Kumar Bishnoi	April 1, 2009	Appointed for a term of three years	See “— <i>Terms and conditions of appointment of our executive directors</i> ” below.	9.62 million
Mr. Amar Banerjee	April 2, 2010	Appointed for a term of one year	See “— <i>Terms and conditions of appointment of our executive directors</i> ” below.	Nil
Mr. Achal Ghai*	November 24, 2005	-	Nil	Nil
Mr. Brij Bhushan Kathuria	July 26, 2006	-	Sitting fees	0.04 million
Mr. Suresh Kumar Goenka	July 26, 2006	-	Sitting fees	0.06 million



Name of Directors	Date of appointment	Term	Compensation	Remuneration in fiscal 2010 (in Rs.)
Mr. Satvinder Jeet Singh Sodhi	June 20, 2007	-	Sitting fees	0.06 million
Mr. Anunay Kumar	June 20, 2007	-	Sitting fees	0.08 million
Mr. Sakti Kumar Banerjee	November 15, 2007	-	Sitting fees	0.08 million
Mr. Subrata Kumar Mitra	April 2, 2010	-	Sitting fees	Nil

\* Mr. Achal Ghai is not paid any sitting fees.

# Re-appointment of Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani as Managing Director and Joint Managing Director, respectively, in the Annual General Meeting of the Company held on July 17, 2006 and further re-designation of Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani as Chairman & Managing Director and Vice-Chairman & Managing Director, respectively in Board Meeting held on June 20, 2007.

## Re-appointment of Dr. Goldie Gabrani as a Whole-time Director by the shareholders in their Extra-ordinary General Meeting held on February 27, 2008. She was further re-appointed as a Whole-time Director of the Company for a period of 5 years w.e.f. January 23, 2010 by way of the resolution passed by the Board of Directors in their meeting held on December 14, 2009.

## Terms and conditions of employment of our executive Directors

### 1. Mr. Ajay Kumar Bishnoi

Mr. Ajay Kumar Bishnoi was appointed on April 6, 2002 as the Director of our Company. He was appointed as the Managing Director of our Company on September 30, 2002. Pursuant to a resolution dated July 17, 2006, Mr. Ajay Kumar Bishnoi was re-appointed as the Managing Director of our Company for a period of five years. Mr. Bishnoi was re-designated by the Board of Directors as the Chairman and Managing Director of our Company with effect from June 20, 2007. The terms of employment and remuneration of Mr. Ajay Kumar Bishnoi include the following:

<b>Gross Salary</b>	Rs. 2.80 million per month and a house rent allowance up to 40% of the salary
<b>Perquisites</b>	(a) Medical reimbursement: Expenses incurred subject to a ceiling of one month's basic salary; (b) Club fees: Fees on clubs subject to a maximum of two clubs; (c) Provident fund: The contribution shall be subject to the rules framed by our Company; (d) Car and Telephone: Company maintained car and two telephones including a mobile at Company's cost.
<b>Commission</b>	Commission up to 4% of the net profit of our Company in a particular year (calculated under the provisions of section 349 read with section 198 of the Act) subject to the over all ceiling laid down in Section I of Part II of Schedule XIII of the Act.

### 2. Mr. Amul Gabrani

Mr. Amul Gabrani has been a Director of our Company since its incorporation. He was appointed on September 28, 2005 as the Joint Managing Director of our Company. Pursuant to a resolution dated July 17, 2006, Mr. Amul Gabrani was re-appointed as the Joint Managing Director of our Company for a period of five years. Mr. Amul Gabrani has been re-designated by the Board of Directors as the Vice Chairman & Managing Director with effect from June 20, 2007. The terms of employment and remuneration of Mr. Amul Gabrani include the following:

<b>Gross Salary</b>	Rs. 2.80 million per month and a house rent allowance up to 40% of the salary
<b>Perquisites</b>	(a) Medical reimbursement: Expenses incurred subject to a ceiling of one month's basic salary; (b) Club fees: Fees on clubs subject to a maximum of two clubs; (c) Provident fund: The contribution shall be subject to the rules framed by our Company; (d) Car and Telephone: Company maintained car and two telephones including a mobile at Company's cost.



<b>Commission</b>	Commission up to 4% of the net profit of our Company in a particular year (calculated under the provisions of section 349 read with section 198 of the Act) subject to the over all ceiling laid down in Section I of Part II of Schedule XIII of the Act.
-------------------	--

### 3. Dr. Goldie Gabrani

Dr. Goldie Gabrani has been appointed on March 16, 2007 as the whole time Director of our Company for a period of one year. Subsequently, she was reappointed as the whole-time Director of our Company on January 23, 2008 for a period of two years and further reappointed on January 23, 2010 for a period of five years. The terms of employment and remuneration of Dr. Goldie Gabrani include the following:

<b>Gross Salary</b>	Rs. 0.65 million per month and house rent allowance up to 40% of the salary*
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>(a) Medical reimbursement: Expenses incurred subject to a ceiling of one month's basic salary;</li> <li>(b) Provident fund: The contribution shall be subject to the rules framed by our Company;</li> <li>(c) Superannuation and gratuity: The contribution shall be subject to the rules framed by our Company; and</li> <li>(d) Car and Telephone: Company maintained car and two telephones including a mobile at Company's cost.</li> </ul>

\* The total remuneration including perquisites shall not exceed 5% of the net profits of the Company in that year.

### 4. Mr. Arvind Kumar Bishnoi

Mr. Arvind Kumar Bishnoi has been appointed on April 1, 2009 as the whole-time Director of our Company for a period of three years. The terms of employment and remuneration of Mr. Arvind Kumar Bishnoi include the following:

<b>Gross Salary</b>	Rs. 0.65 million per month and house rent allowance up to 40% of the salary*
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>(a) Medical reimbursement: Expenses incurred subject to a ceiling of one month's basic salary;</li> <li>(b) Provident fund: The contribution shall be subject to the rules framed by our Company;</li> <li>(c) Superannuation and gratuity: The contribution shall be subject to the rules framed by our Company; and</li> <li>(d) Car and Telephone: Company maintained car and two telephones including a mobile at Company's cost.</li> </ul>

\* The total remuneration including perquisites shall not exceed 5% of the net profits of the Company in that year.

### 5. Mr. Amar Banerjee

Mr. Amar Banerjee has been appointed on April 2, 2010 as the whole-time Director of our Company for a period of one year. The terms of employment and remuneration of Mr. Amar Banerjee include the following:

<b>Gross Salary</b>	Rs. 0.30 million per month and house rent allowance up to 40% of the salary*
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>(a) Medical reimbursement: Expenses incurred subject to a ceiling of one month's basic salary;</li> <li>(b) Provident fund: The contribution shall be subject to the rules framed by our Company;</li> <li>(c) Superannuation and gratuity: The contribution shall be subject to the rules framed by our Company;</li> <li>(d) Car and Telephone: Company maintained car and two telephones including a mobile at Company's cost; and</li> <li>(e) Leave travel allowance: The leave travel allowance shall be as per the Company's policy.</li> </ul>

\* The total remuneration including perquisites shall not exceed 5% of the net profits of the Company in that year.



## **Sitting Fees**

Besides the above, we pay sitting fees of Rs. 20,000 to each of our independent directors for attending each meeting of the Board of Directors. We do not pay any sitting fees for the meeting of any of the Committee of Directors.

## **Corporate Governance**

At present, we have six independent Directors on our Board. We are currently in compliance with the requirements of corporate governance set forth in terms of Clause 49 of the Equity Listing Agreement, particularly those relating to the composition of the Board of Directors, constitution of committees including the Audit Committee and Shareholders Grievance Committee.

### ***(a) Audit Committee***

Our Audit Committee was constituted pursuant to a Board resolution dated July 26, 2006 and reconstituted on June 20, 2007. The terms of reference were also reviewed in the said meeting. Currently, our Audit Committee comprises the following members:

1. Mr. Suresh Kumar Goenka- Chairman
2. Mr. Satvinder Jeet Singh Sodhi
3. Mr. Brij Bhushan Kathuria
4. Mr. Amul Gabrani

The terms of reference of our Audit Committee are in accordance with the Companies Act and Clause 49 of the Equity Listing Agreement as amended from time to time and include the following:

1. Effective supervision of the financial operations;
2. Assurance of implementation of financial and accounting activities and operating controls as per the laid down policies and procedures; and
3. Power to investigate matters, among other things, including finance, accounting, internal control, internal audit and risk management.

The committee shall meet at least four times in a year with a gap of not more than four months between two meetings. The Audit Committee met thrice during the year preceding the date of filing of the Draft Red Herring Prospectus.

### ***(b) Shareholders' Grievance Committee***

Our Shareholders' Grievance Committee was constituted by our Directors pursuant to a Board resolution dated June 4, 2007. Currently, our Shareholders Grievance Committee comprises the following members:

1. Mr. Brij Bhushan Kathuria-Chairman
2. Dr. Goldie Gabrani
3. Mr. Amul Gabrani

The terms of reference of our Shareholders Grievance Committee are in accordance with the Companies Act and Clause 49 of the Equity Listing Agreement as amended from time to time and include the following:

1. Redressals of shareholders and investors complaints including, transfer of shares, non receipt of balance sheet and non receipt of declared dividend;
2. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
3. Issue of duplicate share certificates in place of original certificate, which may be lost/ torn/ mutilated; and
4. To approve and effect transmission of shares arising as a result of death of the sole/ any one joint shareholder.

The committee shall meet at least four times in a year with a gap of not more than four months between two meetings, otherwise committee shall meet fortnightly. The Shareholders Grievance Committee met twice during the year preceding the date of filing of the Draft Red Herring Prospectus.



## Shareholding of Directors in our Company

Our Articles do not require our Directors to hold any qualification shares. The following table details the shareholding of our directors in our Company as on the date of filing of this Draft Red Herring Prospectus:

Name of Directors	Number of Equity Shares (Pre-Offer)
Mr. Ajay Kumar Bishnoi	9,019,842
Mr. Amul Gabrani	9,319,342
Dr. Goldie Gabrani	100,143
Mr. Arvind Kumar Bishnoi	470,143
Mr. Amar Banerjee	Nil
Mr. Achal Ghai	1,302,200
Mr. Brij Bhushan Kathuria	3,000
Mr. Suresh Kumar Goenka	5,000
Mr. Sakti Kumar Banerjee	Nil
Mr. Satvinder Jeet Singh Sodhi	Nil
Mr. Anunay Kumar	Nil
Mr. Subrata Kumar Mitra	Nil

## Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Our Directors may also be regarded as interested in the Equity Shares they hold and to the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer.

Mr. Achal Ghai a Director on Board, holding equity shares of our Company is also a director on the board of Avigo Venture Investments Limited; Avigo Corporation Limited; Avigo Capital Managers Private Limited, Avigo PE Investments Limited and Avigo Capital DMCC.

Furthermore, our Company has executed certain lease deeds with Mr. Arvind Kumar Bishnoi, one of our Directors, for use of certain premises owned by them. The details of such lease deeds are provided hereunder:

- (a) Our Company entered into an agreement of lease dated September 1, 2009, with Mr. Arvind Kumar Bishnoi for its guest house at L-306, Third Floor, Lancor Central Park, Sholingnallur, Chennai- 600 119. The agreement is valid for a period of 11 months from the date of execution of this agreement. Our Company pays a monthly rent of Rs. 0.02 million to Mr. Arvind Kumar Bishnoi.
- (b) Our Company entered into an agreement of lease dated March 1, 2010, with Mr. Arvind Kumar Bishnoi for the premise located at 15 Ceedeys Holiday Home, ECR Road, Kovalam, near Chennai. The agreement is valid for a period of 11 months from the date of execution of this agreement. Our Company pays a monthly rent of Rs. 0.04 million to Mr. Arvind Kumar Bishnoi.

For lease agreements entered into by our Promoters, Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani who are also our Directors, see, “*Our Promoters and Group Companies - Interest of our Promoters*” on page 126.

None of our Directors have been appointed on our Board pursuant to any arrangement with our shareholders, customers, suppliers or others.

## Properties acquired by our Companies from Directors in the last two years

Our Directors confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus or proposed to be purchased by our Company.



For further details, see “*Consolidated Financial Information of Tecpro Systems Limited - Annexure XIII - Consolidated Statement of Related Party Disclosures*” on page 257.

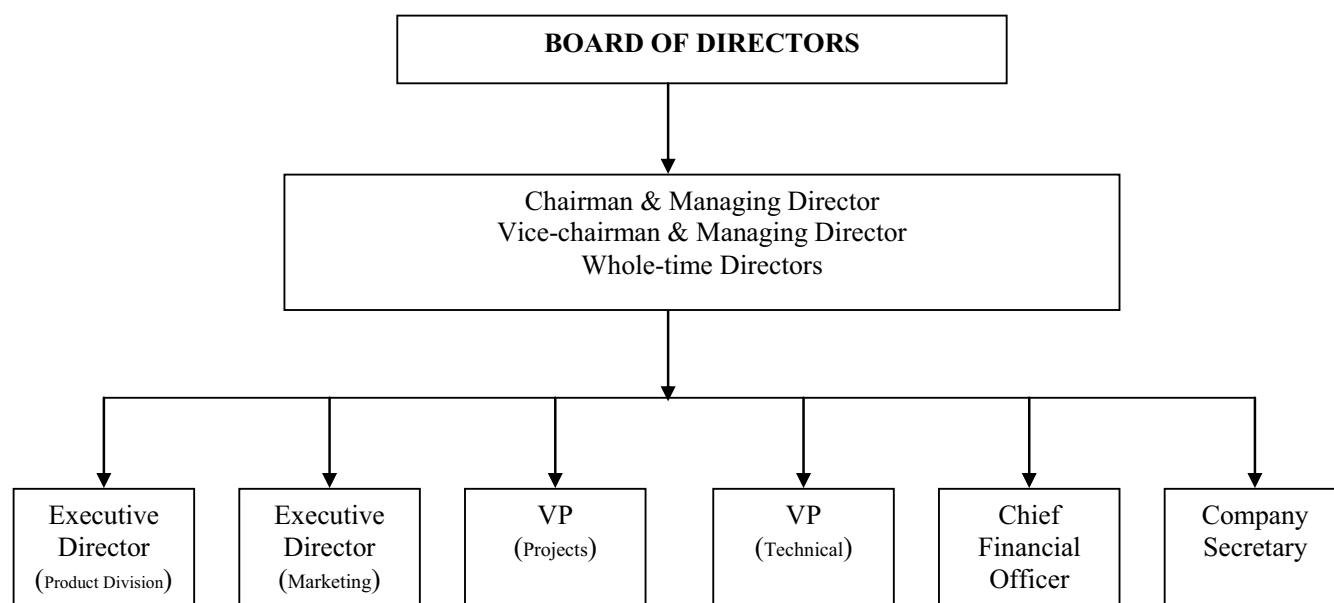
### Changes in our Board of Directors during the last three years

The changes in our Board of Directors in the last three years are as follows:

Name	Date of Joining/Appointment/Re-appointment	Date of Cessation	Reason
Mr. Amar Banerjee	April 2, 2010	-	Appointment
Mr. Subrata Kumar Mitra	April 2, 2010	-	Appointment
Ms. Aradhana Dhand Chatterjee*	May 28, 2009	January 29, 2010	Resignation
Mr. Sakti Kumar Banerjee	November 15, 2007	-	Appointment
Mr. Rajinder Malhan	June 20, 2007	November 15, 2007	Resignation
Mr. Anunay Kumar	June 20, 2007	-	Appointment
Mr. Satvinder Jeet Singh Sodhi	June 20, 2007	-	Appointment
Mr. R. Narayanan	July 26, 2007	June 2, 2007	Resignation

\* Appointed as an alternate Director

### Organisation Structure:



### Key Managerial Employees

All of our key managerial employees are permanent employees of our Company and none of them are related to each other or to any Director of our Company.

**Mr. Kulbhushan Arora**, aged 47 years, is our Chief Financial Officer. He holds a bachelor's degree in science and is a qualified Chartered Accountant and a law graduate from University of Delhi. He has more than 23 years of experience in the field of finance, accounts, audit and taxation. Prior to joining the Company, Mr. Arora was associated with K. Bhushan & Co. Chartered Accountants. He joined our Company in 2006 and currently supervises the finance and accounts department of the Company. He received a gross remuneration of Rs. 3.95 million in fiscal 2010.

**Mr. Somen Kumar Mukherjee**, aged 63 years, is our executive Director (Product Division). He holds a bachelor's degree in mechanical engineering from the Regional Engineering College, Nagpur and has done his



master's in business administration from Indian Institute of Management, Ahmedabad. He has been with us since 2003. He has over 31 years of work experience in the material handling industry. Prior to 2003, he worked with VOEST ALPINE, Austria, International Combustion, Hyderabad Industries Limited and McNally Bharat Engineering Company Limited. Presently, he heads the marketing of product division of our Company. He received a gross remuneration of Rs. 3.27 million in fiscal 2010.

**Mr. Ajoy Dasgupta**, aged 60 years, is our executive Director (Marketing). He holds a bachelor's degree in mechanical engineering from the Birla Institute of Technology, Ranchi and a master's degree in business administration (with a specialization in Marketing and Production) from the University of Delhi. He has been with us since 2001. He has over 35 years of work experience in the material handling industry. Prior to 2001, he worked with Texmaco, Usha Breco Limited, Beardsell Engineering and Fenner (India) Limited. Presently, he is responsible for overall marketing of the Company's material handling projects and also responsible for execution of projects in Eastern India. He received a gross remuneration of Rs. 3.26 million in fiscal 2010.

**Mr. G. Palanikumar**, aged 44 years, is our Vice President (Projects). He holds a bachelor's degree in engineering from Madurai Kamaraj University and a post graduate diploma in material management from Annamalai University. He has been working with us since 2001. He has work experience of over 21 years in the material handling industry. Prior to 2001, he worked with Fenner (India) Limited. He currently is in charge of the project management, procurement, logistics and construction activities of the Company. He received a gross remuneration of Rs. 3.17 million in fiscal 2010.

**Mr. Sanjay Kumar**, aged 40 years, is our Vice President (Technical). He holds a bachelor's degree in mechanical engineering from Regional Engineering College, Kurukshetra. He has been working with us since 2002. He has over 15 years of work experience in designing material handling systems for cement, power, steel, copper and fertilizer plants. Prior to 2002, he worked with Fuller Bulk Handling India Limited, Chennai and Cimco Birla Limited, New Delhi. Presently, he is in charge of all engineering, research and development activities of the Company and interaction with technical collaborators and clients. He received a gross remuneration of Rs. 3.13 million in fiscal 2010.

**Mr. Pankaj Tandon**, aged 40 years, is our Company Secretary and Compliance Officer. He is a qualified Company Secretary, holds a bachelor's degree in law from Delhi University and has done CWA. He has been working for our Company since 2007. He has over 17 years of experience in accounts, legal and secretarial functions. Prior to joining us, he has worked with the Jaiprakash Group and Archies Limited. Presently, he supervises the legal and secretarial divisions of our Company. He received a gross remuneration of Rs. 1.67 million in fiscal 2010.

The term of office of our employees, including our key managerial personnel, is until the attainment of 62 years of age. However, in exceptional cases, where replacements are not available in view of special knowledge or skills required for the concerned position, the concerned employee may be considered for continuation in our Company based on the merits of such employee and the business requirements of our Company.

None of our key management personnel have been selected pursuant to any arrangement or understanding with any major shareholders, customers or suppliers of our Company, or others.

#### **Shareholding of the key managerial employees**

None of our key managerial employees hold any equity shares, warrants, employee stock options or other convertible instruments in our Company as on the date of filing of this Draft Red Herring Prospectus.

#### **Bonus or profit sharing plan for our key managerial employees**

Our Company does not have any bonus or profit sharing plan for our key management personnel.

#### **Changes in our key managerial employees during the last three years**

The changes in our key managerial employees during the last three years are as follows:

<b>Name</b>	<b>Date of Appointment as a Key Managerial Personnel</b>	<b>Date of Cessation</b>	<b>Reason</b>
-------------	--	--------------------------	---------------





Name	Date of Appointment as a Key Managerial Personnel	Date of Cessation	Reason
Mr. Jagdeep Singh	December 3, 2005	August 9, 2008	Resignation
Mr. Pankaj Tandon	August 11, 2008	-	Appointment

#### **Interest of Key Managerial Personnel**

Our key managerial personnel do not hold any Equity Shares. The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, incentive payable as per policies and reimbursement of expenses incurred by them during the ordinary course of business.

#### **Payment or benefit to employees of our Company**

Contributions are made by the Company towards provident fund, superannuation fund (funded by payments to LIC under its group superannuation scheme), approved gratuity fund (funded by contributions to LIC under its group gratuity scheme), group insurance scheme (funded by payments to LIC under group insurance scheme) and towards group leave encashment scheme (funded by payments to LIC under the group leave encashment scheme). Contributions to the said funds are charged to revenue on accrual basis. Our Company paid an aggregate amount of Rs. 37.64 million and Rs. 18.41 million towards such contributions in fiscal 2009 and fiscal 2008, respectively.



## OUR PROMOTERS AND GROUP COMPANIES

Our Promoters are Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani.

Our Promoters, Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani, currently hold 9,019,842 and 9,319,342 Equity Shares of our Company, respectively, and will continue to hold the majority of our post-Offer paid-up share capital, collectively.

### Details of our Promoters

#### *Mr. Ajay Kumar Bishnoi*



**Mr. Ajay Kumar Bishnoi**, aged 52 years, is our Chairman and Managing Director. He holds a bachelor's degree in commerce from St. Xavier's College, Kolkata and a master's diploma in business administration with an additional qualification in material management from the Institute of Management Development and Research, Pune. He started his career in 1978 as a management trainee in Bharat Forge Company Limited and has more than 31 years of experience in the material handling industry. Between 1979 and 2002 he was associated with various companies such as Eagle Flasks Limited, Usha Breco Limited, Beardsell Engineering (a division of Nava Bharat Ferro Alloys Limited) and Fenner (India) Limited. He joined our Board on April 6, 2002.

His voter's identification number is TN/03/013/0393246.  
His driving license number is TN0720020009911.

#### *Mr. Amul Gabrani*



**Mr. Amul Gabrani**, aged 50 years, is our Vice-Chairman and Managing Director. He is also the founding member of our Company. He holds a bachelor's degree in mechanical engineering from Delhi College of Engineering and a master's degree in business administration from the University of Delhi. He started his career with Ingersoll Rand in 1981 and has more than 28 years of experience in the material handling industry. He was associated with Voltas Limited from 1984 to 1986 and thereafter worked with Fenner (India) Limited until 1990. He has been a member of our Board of Directors since incorporation.

His voter's identification number is XXA0508671.  
His driving license number is P04092002322396.

We confirm that the PAN, bank account numbers and passport numbers of Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani, will be submitted to the Stock Exchanges, at the time of filing the Draft Red Herring Prospectus with them.

### Other understandings and confirmations

Our Promoters, Promoter Group and Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Companies, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them except by Fusion Fittings (I) Limited. For further details, see “—*Group Companies*” below.

### Interests of our Promoters

Our Promoters are interested in our Company to the extent of their shareholding in our Company. Mr. Ajay



Kumar Bishnoi and Mr. Amul Gabrani are also interested to the extent of them being Directors of our Company as well as any remuneration or reimbursement of expenses payable to them.

Furthermore, our Company has executed certain lease deeds with the Promoters for use of certain premises owned by them. The details of such lease deeds are provided hereunder:

- (a) Our Company entered into an agreement for lease dated June 1, 2007 with its Promoters for its corporate office situated at No. 202-204, Pacific Square, Sector 15, Part II, Gurgaon 122 001. The agreement is valid for a period of eight years from June 1, 2007. Currently, the total monthly rent payable by the Company to the Promoters for the said property is approximately Rs. 0.52 million per month.
- (b) Our Company entered into an agreement for lease dated April 1, 2010 with the Promoters for its head office situated at Unit No. 2, First Floor, New No. 25, First Main Road, Gandhi Nagar, Adyar, Chennai 600 020. The agreement is valid for a period of 11 months with effect from April 1, 2010. Currently, the total monthly rent payable by the Company to the Promoters for the said property is Rs. 0.05 million per month.
- (c) Our Company entered into a leave and license agreement dated January 14, 2010 with the Promoters for its office situated at No. 502 & 503, Fifth Floor, Building A-2, Jagdamba Commercial Complex, Link Road, Malad (W), Mumbai 400 064. Under the terms of the leave and license agreement, the Promoters have permitted our Company to use approximately 1,895 square feet of area owned by them in the above mentioned premises. The agreement is valid for a period of five years with effect from July 16, 2009. Currently, the total monthly rent payable by our Company to the Promoters for the said property is approximately Rs 0.19 million per month.
- (d) Our Company entered into a leave and license agreement dated January 14, 2010 with Mr. Ajay Kumar Bishnoi for its office situated at No. 501, Fifth Floor, Building A-2, Jagdamba Commercial Complex, Link Road, Malad (W), Mumbai 400 064. Under the terms of the leave and license agreement, Mr. Ajay Kumar Bishnoi has permitted our Company to use approximately 581 square feet of area owned by him in the above mentioned premises. The agreement is valid for a period of five years with effect from August 1, 2009. Currently, the total monthly rent payable by our Company to Mr. Ajay Kumar Bishnoi for the said property is Rs. 0.06 million per month.
- (e) Our Company entered into a leave and license agreement dated January 14, 2010 with Mr. Amul Gabrani for its office situated at No. 504, Fifth Floor, Building A-2, Jagdamba Commercial Complex, Link Road, Malad (W), Mumbai 400 064. Under the terms of the leave and license agreement, Mr. Amul Gabrani has permitted our Company to use approximately 581 square feet of area owned by him in the above mentioned premises. The agreement is valid for a period of five years with effect from August 1, 2009. Currently, the total monthly rent payable by our Company to Mr. Amul Gabrani for the said property is Rs. 0.06 million per month.

The Promoters and Group Companies confirm that they have no interest in any property acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus.

#### **Payment or Benefit to Promoters**

Except as stated above under “—*Interests of our Promoters*” and “*Consolidated Financial Information of Tecpro Systems Limited - Annexure XIII - Consolidated Statement of Related Party Disclosures*” on page 257, there has been no payment of benefits to our Promoters and Group Companies during fiscal 2009 and 2008 and the seven months period ended October 31, 2009.

#### **Group Companies**

Unless otherwise specifically stated, no equity shares of any of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years. In addition, unless noted otherwise, the fiscal year of our Group Companies commences on April 1 and ends on March 31. Additionally, none of our Group Companies has become a sick company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, and none of them are in the process of being wound-up.



Pursuant to sub-clause (2) of clause (C) of (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, the relevant details of the listed Group Companies of the Issuer are as follows:

#### 1. **Fusion Fittings (I) Limited**

Fusion Fittings (I) Limited (“**Fusion Fittings**”) was incorporated on December 18, 1984 under the Companies Act. Fusion Fittings is, among other things, permitted to carry on the business of dealing in all types of sanitary fittings for household and industrial purposes, manufacturing, trading or dealing in all mechanical instruments, machines, machine parts and components, design engineering and construction and to engage in the business of manufacturing, designing, processing, exporting and importing ferrous and non-ferrous materials.

Fusion Fittings became our group company on June 21, 2008, pursuant to acquisition of majority of the equity shares, by Experienced Hi-tech Consultancy Services Private Limited and Vasundhra Technologies (India) Private Limited, our Group Companies, from the erstwhile shareholders of Fusion Fittings pursuant to a share purchase agreement dated March 20, 2008, followed by an open offer for purchase of equity shares in accordance with the Takeover Code.

Fusion Fittings was listed on the BSE, the Jaipur Stock Exchange Limited (“**JSE**”), the Delhi Stock Exchange Limited (“**DSE**”) and the Ahmedabad Stock Exchange Limited (“**ASE**”) in 1996. The equity shares of Fusion Fittings are presently listed on the BSE, the JSE, the DSE and the ASE. However, on account of providing shorter notice for book closure, the equity shares of Fusion Fittings were suspended from trading by the BSE with effect from September 14, 1998. The equity shares of Fusion Fittings were also suspended from trading by the DSE with effect from December 16, 2004 due to certain non-compliances with the listing agreement. However, the DSE pursuant to its letter dated January 2, 2009, revoked the suspension as Fusion Fittings had complied with all the listing requirements of the DSE.

#### *Shareholding Pattern*

The shareholding pattern of Fusion Fittings as of March 31, 2010 is as follows:

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Bodies Corporate	2	2,200,400	-	74.94	74.94	-	-
Sub Total	2	2,200,400	-	74.94	74.94	-	-
(2) Foreign	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group	2	2,200,400	-	74.94	74.94	-	-
(A)							
(B) Public Shareholding							
(1) Institutions							
	-	-	-	-	-	-	-
(2) Non-Institutions							
Indian Bodies Corporate	2	22,100	-	0.75	0.75	-	-
Individuals						-	-
Individual shareholders holding nominal share capital up to Rs. 100,000	434	713,700	-	24.31	24.31	-	-



Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
Individual shareholders holding nominal share capital in excess of Rs. 100,000	-	-	-	-	-	-	-
<b>Any Others (Specify)</b>	-	-	-	-	-	-	-
Foreign Corporate Bodies	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>436</b>	<b>735,800</b>	<b>-</b>	<b>25.06</b>	<b>25.06</b>	<b>-</b>	<b>-</b>
<b>Total Public shareholding (B)</b>	<b>436</b>	<b>735,800</b>	<b>-</b>	<b>25.06</b>	<b>25.06</b>	<b>-</b>	<b>-</b>
<b>Total (A)+(B)</b>	<b>438</b>	<b>2,936,200</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>-</b>
(C) Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-
<b>Total (A)+(B)+(C)</b>	<b>438</b>	<b>2,936,200</b>	<b>-</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

### Financial Performance

The audited financials of Fusion Fittings for the fiscal 2009, 2008 and 2007 are set forth below.

	<i>(Rs. in million except per share data)</i>		
	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
Equity capital	41.13	41.11	41.11
Reserves and surplus (excluding revaluation)	-	-	-
Total Income	10.10	26.22	29.50
Profit/(Loss) after tax	11.03	12.82	20.71
Earnings per share (Rs.) (Basic)	3.05	2.34	3.78
Earnings per share (Rs.) (Diluted)	3.05	2.34	3.78
Net asset value per share (Rs.)	(0.94)	(3.62)	(6.74)

### Significant notes of auditors

#### Fiscal 2009

- (7) The company did not have any internal audit system.
- (9) (a) Undisputed statutory dues where payable, including provident fund, investor education and protection fund, employee state insurance, wealth tax, service tax, custom duty, excise duty, cess have been regularly deposited with the appropriate authorities.

*The company has not deposited undisputed statutory dues under Income Tax Act.*

- (9) (b) According to the information and explanation given to us, following undisputed amounts payable in respect of the statutory dues including provident fund, investor education and protection fund, employee state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess were in arrears, as at 31.03.2009 for a period exceeding six months from the date they became payable.



*Tax deducted at source Rs. 55,797.*

- (9) (c) According to the records of the company and information and explanations given to us, there were following disputed statutory dues including provident fund, investor education and protection fund, employee state insurance, income tax, sales tax, wealth tax, service tax, customs duty, cess and any other statutory dues with the appropriate authorities:

Nature of dues	Amount involved (to the extent not deposited)	Forum where pending
Sales tax	Rs. 15,194	Appeal is pending with the sales tax authorities. However, no evidence produced to us.
Trade tax	Rs. 4,966,851	Case is pending with divisional level committee, Noida, having been remanded back, at the direction of the Trade Tax Tribunal for issue of eligibility certificate.

- (10) The company has accumulated losses as at March 31, 2009. The company has not incurred cash losses during the year nor in the immediately preceding financial year.

#### *Fiscal 2008*

The company did not comply with the provisions of section 383A of the Companies Act, regarding the appointment of whole time company secretary.

- (1) (a) The company has, as explained to us, maintained proper records showing full particulars including quantitative details and situation of fixed assets. Such records have not been produced to us for our verification. However, the company has sold all the fixed assets during the year.
- (1) (b) No evidence was produced for the physical verification of fixed assets by the management. Hence we cannot comment on any material discrepancies if found on physical verification.
- (2) We have been informed that the management has physically verified the inventories and scrap. However, we cannot comment on the discrepancies and adequacy of such verification as no records have been produced to us in this regard. The company had no inventories at the year end.
- (7) The company did not have any internal audit system.
- (9) (a) Undisputed statutory dues where payable, including provident fund, investor education and protection fund, employees state insurance, wealth tax, service tax, custom duty, excise duty, cess have been regularly deposited with the appropriate authorities.

*The company has not deposited undisputed statutory dues under the Sales Tax Act and Income Tax Act.*

- (9) (b) According to the information and explanation given to us, following undisputed amounts payable in respect of statutory dues including provident fund, investor education and protection fund, employee state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess were in arrears, as at 31.03.2008 for a period exceeding six months from the date they became payable

	Amount
Central Sales Tax	Rs. 9,280
Tax deducted at source	Rs. 55,797

- (9) (c) According to the records of the company and information and explanations given to us, there were following disputed statutory dues including provident fund, investor education and protection fund, employee state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess and any other statutory dues with the appropriate authorities:



Nature of dues	Amount involved (to the extent not deposited)	Forum where pending
Sales tax	Rs. 15,194	Appeal is pending with the sales tax authorities. However, no evidence produced to us.
Trade tax	Rs. 4,966,851	Case is pending with divisional level committee, Noida, having been remanded back, at the direction of the Trade Tax Tribunal for issue of eligibility certificate.

- (10) The company has accumulated losses as at 31<sup>st</sup> March, 2008. The company has not incurred cash losses during the year nor in the immediately preceding financial year.

*Fiscal 2007*

- (2) (a) As explained to us, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We have not been produced the required records during the year.
- (2) (b) No evidence was produced for the physical verification of the fixed assets by the management. Hence we cannot comment on any material discrepancies if any found on physical verification.
- (2) (c) The company has already negotiated for sale of its factory building subject to the approval of shareholders. In our opinion the company is not a going concern.
- (3) Management has physically verified inventories and scrap lying in the unit located at C-28, Sector 8, Noida. We have not been produced the required record during the year also. Hence we cannot comment on the valuation and discrepancies found.
- (4) (b) In our opinion and according to information and explanation given to us the terms and conditions are not prima facie prejudicial to the interest of the company. Written stipulations are not on record in respect of repayment of loans. Therefore we are unable to comment on the same.
- (9) The company has not introduced any internal audit system commensurate with its size and its nature of business so far.
- (10) (b) As confirmed by the company and as per the information available to us, there is no undisputed statutory due including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, cess were in arrears, as at 31.3.2007 for a period of more than six months from the date they become payable:

	Amount
Administration charges to PF payable	Rs. 180,547.30
Employer contribution to ESI wages	Rs. 2,699.13

- (10) (c) The company has not deposited following amounts due to the dispute:

Nature of dues	Amount involved (to the extent not deposited)	Forum where pending
Sales tax	Rs. 15,194	Appeal is pending with the sales tax authorities. However, no evidence produced to us.
Trade tax	Rs. 4,966,851	Case is pending with divisional level committee, Noida, having been remanded back, at the direction of the Trade Tax Tribunal for issue of eligibility certificate.

- (12) The company has been registered for a period exceeding 5 years. Their present accumulated loss as at the date of the balance sheet has eroded its whole net worth.





*Details of listing and highest and lowest market price during the preceding six months*

The equity shares of Fusion Fittings are currently not being traded on any of the stock exchanges.

*Public or Rights Issue in the last three years*

The company has not made any public or rights issue in the past three years.

*Promise v. performance*

Fusion Fittings was listed pursuant to a public offer in 1996. The Company has not made any public or rights issue in the past 10 years.

*Mechanism for redressal of investor grievance*

The board of directors of Fusion Fittings has constituted a shareholders/investors grievance committee comprising Mr. Sunil Choudhry, Mr. Kulbhushan Arora and Mr. Pawan Kumar, in accordance with Clause 49 of the listing agreement entered into with the stock exchanges to approve matters such as share transfers and redressal of shareholder and investor complaints including transfer of shares, non-receipt of balance sheet and non-receipt of declared dividends. Mr. Mukesh Kumar, the Deputy Company Secretary of Fusion Fittings, is the compliance officer. Fusion Fittings seeks to redress any complaints received as expeditiously as possible.

Fusion Fittings received 14 investor complaints in the three years preceding the date of filing of the Draft Red Herring Prospectus. As of March 31, 2010, there were no investor complaints pending against Fusion Fittings.

*Pursuant to sub-clause (2) of clause (C) of (IX) of Part A of Schedule VIII of the SEBI ICDR Regulations, the following are the four largest unlisted Group Companies as determined on the basis of their turnover. The relevant details of such Group Companies are as provided below:*

**1. Hythro Power Corporation Limited**

Hythro Power Corporation Limited (“**Hythro Power**”) was incorporated on March 2, 1994 as a public limited company under the Companies Act. Hythro Power is, among other things, permitted to carry on the business of survey, design, erect, test, and commission the HT and EHV transmission lines and power stations and developing power projects in the private sector, executing civil, electrical, mechanical and civil engineering contracts, supplying electrical, mechanical and civil engineering goods, materials and undertaking consultancy services primarily in the power sector.

*Shareholding Pattern*

The shareholding pattern of Hythro Power as on the date of this Draft Red Herring Prospectus is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
<b>Equity</b>		
Mr. Ajay Kumar Bishnoi	541,938	43.44
Mr. Amul Gabrani	541,988	43.45
Metmin Investments Holdings Limited	162,048	12.99
Avigo Venture Investments Limited	955	0.08
Mr. Arvind Kumar Bishnoi	150	0.01
Ms. Amita Bishnoi	150	0.01
Dr. Goldie Gabrani	100	0.01
Ms. Arushi Gabrani	100	0.01
Mrs. Bhagwanti Gabrani	50	0.00
Avigo Trustee Company Private Limited A/c THE AVIGO SME FUND	45	0.00
<b>Total</b>	<b>1,247,524</b>	<b>100</b>



Name of Shareholders	Number of Shares	% of Shareholding
<b>Preference*</b>		
Avigo Venture Investments Limited	3,817,708	95.50
Avigo Trustee Company Private Limited A/c THE AVIGO SME FUND	179,892	4.50
<b>Total</b>	<b>3,997,600</b>	<b>100.00</b>

\*0.01% compulsorily convertible cumulative preference shares.

### Financial Performance

The audited financial results of Hythro Power for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Rs. in million, except share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity capital	10.84	10.84	10.84
Reserves and surplus (excluding revaluation)	17.95	84.82	65.23
Total Income	649.49	688.85	649.04
Profit/(Loss) after tax	81.45	19.59	17.46
Earnings per share (Rs.) (Basic)	75.11	18.06	8.98
Earnings per share (Rs.) (Diluted)	75.11	18.06	8.97
Net asset value per share (Rs.)	26.55	88.21	70.15

### Significant notes of auditors

#### Fiscal 2008

(3) (vii) In our opinion, the company has no internal audit system commensurate with its size and nature of its business.

## 2. Tecpro Engineers Private Limited

Tecpro Engineers Private Limited (“**Tecpro Engineers**”) was incorporated on May 31, 2005 as a private limited company under the Companies Act. Tecpro Engineers is permitted among other things, to carry on the business of civil, erection, commissioning, installation, design and engineering of infrastructure projects.

The shareholding pattern of Tecpro Engineers as on the date of this Draft Red Herring Prospectus is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mrs. Manju Bishnoi	155,000	50.00
Mr. Aditya Gabrani	155,000	50.00
<b>Total</b>	<b>310,000</b>	<b>100.00</b>

### Financial Performance

The audited financial results of Tecpro Engineers for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Rs. in million, except share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity capital	3.10	3.10	3.10
Reserves and surplus (excluding revaluation)	52.78	25.89	9.44
Total Income	333.13	201.54	85.18
Profit/(Loss) after tax	26.89	16.45	8.03
Earnings per share (Rs.) (Basic)	86.73	53.08	38.12
Earnings per share (Rs.) (Diluted)	86.73	53.08	32.15
Net asset value per share (Rs.)	180.25	93.52	40.44

**Significant notes of auditors:***Fiscal 2008*

- (vii) The company does not have any internal audit system during the year under review.

**3. Tecpro Paints Private Limited**

Tecpro Paints Private Limited (“**Tecpro Paints**”) was incorporated on November 23, 2006 as a private limited company under the Companies Act. Tecpro Paints is permitted among other things, to carry on the business of trading, buying, selling, exporting, importing and dealing in oil, distemper, plastic paints, chemicals and other articles used in the manufacture of paints.

The shareholding pattern of Tecpro Paints as on the date of this Draft Red Herring Prospectus is as follows:

<b>Name of Shareholders</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Ajay Kumar Bishnoi	705,000	50.00
Mr. Amul Gabrani	705,000	50.00
<b>Total</b>	<b>1,410,000</b>	<b>100.00</b>

*Financial Performance*

The audited financial results of Tecpro Paints for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Rs. in million, except share data)</i>		
	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
Equity capital	14.10	14.10	0.10
Reserves and surplus (excluding revaluation)	0.35	2.63	-
Total Income	158.87	65.04	0.02
Profit/(Loss) after tax	(2.28)	3.45	(0.82)
Earnings per share (Rs.) (Basic)	(1.61)	4.91	(232.63)
Earnings per share (Rs.) (Diluted)	(1.61)	2.70	(232.63)
Net asset value per share (Rs.)	10.25	11.86	(72.22)

**Significant notes of auditors***Fiscal 2009*

- (x) The company does not have any accumulated losses at the end of the financial year but has incurred cash losses of Rs. 1,969,273 in the current financial year and has not incurred cash losses in the previous financial year.

*Fiscal 2008*

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employee state insurance, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities, except, there were certain instances of delay in depositing undisputed advance income tax dues, amount of tax deducted at source and employees’ contribution to provident fund during the year.
- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year but in the immediately preceding financial year the company incurred cash losses of Rs. 822,178.

**4. Tecpro Stones Private Limited**

Tecpro Stones Private Limited (“**Tecpro Stones**”) was incorporated on February 15, 2007, as a private limited company under the Companies Act. Tecpro Stones is permitted among other things, to carry on the business of



manufacturing, processing, producing, trading, quarrying, mining or carrying out other operations on all kinds of stones and minerals and to deal in all kinds of equipments, plants, machinery and accessories, whether electrical, mechanical or otherwise used in connection with mining and transporting any mineral products.

The shareholding pattern of Tecpro Stones as on the date of this Draft Red Herring Prospectus is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Tecpro Engineers	490,000	98.00
Experienced Hi-Tech Consultancy Services Private Limited	5,000	1.00
Mrs. Bhagwanti Gabrani	5,000	1.00
<b>Total</b>	<b>500,000</b>	<b>100.00</b>

#### *Financial Performance*

The audited financial results of Tecpro Stones for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Rs. in million, except share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity capital	5.00	5.00	0.10
Reserves and surplus (excluding revaluation)	2.60	(0.55)	(0.50)
Total Income	32.23	7.61	Nil
Profit/(Loss) after tax	3.15	(0.06)	(0.50)
Earnings per share (Rs.) (Basic)	6.31	(0.21)	(453.75)
Earnings per share (Rs.) (Diluted)	6.25	(0.21)	(453.75)
Net asset value per share (Rs.)	15.20	8.89	(39.73)

#### **Significant notes of auditors**

##### *Fiscal 2008*

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities, except, there were certain instances of delay during the year in depositing undisputed advance income tax dues and amount of tax deducted at source.
- (x) The company has accumulated losses at the end of the financial year amounting to Rs. 856,415 and has incurred cash losses amounting to Rs. 22,424 in the current financial year and in the immediately preceding financial year the company incurred cash losses of Rs. 739,462.

*The following Group Companies have negative net worth in the last fiscal year. The relevant details of such Group Companies are as provided below:*

#### **1. Gabrani Holdings Private Limited**

Gabrani Holdings Private Limited (“**Gabrani Holdings**”) was incorporated on February 5, 2009, as a private limited company under the Companies Act. Gabrani Holdings is permitted among other things, to carry on the business of investing and dealing in the securities of other companies.

The shareholding pattern of Gabrani Holdings as on the date of this Draft Red Herring Prospectus is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Amul Gabrani	5,000	50.00
Dr. Goldie Gabrani	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>



### *Financial Performance*

As Gabrani Holdings was incorporated on February 5, 2009, the audited financial results of Gabrani Holdings for fiscal 2008 and 2007 are not available. The audited financial results of Gabrani Holdings for fiscal 2009 are set forth below:

<i>(Rs. in million, except share data)</i>	
<b>Fiscal 2009</b>	
Equity capital	0.10
Reserves and surplus (excluding revaluation)	Nil
Total Income	Nil
Profit/(Loss) after tax	(0.25)
Earnings per share (Rs.) (Basic)	(167.03)
Earnings per share (Rs.) (Diluted)	(167.03)
Net asset value per share (Rs.)	(15.17)

## **2. Bishnoi Capitals Private Limited**

Bishnoi Capitals Private Limited (“**Bishnoi Capitals**”) was incorporated on February 9, 2009, as a private limited company under the Companies Act. Bishnoi Capitals is permitted among other things, to carry on the business of investing and dealing in the securities of other companies.

The shareholding pattern of Bishnoi Capitals as on the date of this Draft Red Herring Prospectus is as follows:

<b>Name of Shareholders</b>	<b>Number of Shares</b>	<b>% of Shareholding</b>
Mr. Ajay Kumar Bishnoi	5,000	50.00
Mrs. Amita Bishnoi	5,000	50.00
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### *Financial Performance*

As Bishnoi Capitals was incorporated on February 9, 2009, the audited financial results of Bishnoi Capitals for fiscal 2008 and 2007 are not available. The audited financial results for fiscal 2009 are set forth below:

<i>(Rs. in million, except share data)</i>	
<b>Fiscal 2009</b>	
Equity capital	0.10
Reserves and surplus (excluding revaluation)	Nil
Total Income	Nil
Profit/(Loss) after tax	(0.25)
Earnings per share (Rs.) (Basic)	(180.54)
Earnings per share (Rs.) (Diluted)	(180.54)
Net asset value per share (Rs.)	(15.22)

## **3. Fusion Fittings (I) Limited**

For details of the financial information of Fusion Fittings (I) Limited, please see above.

### **Other Group Companies**

#### **1. Experienced Hi-Tech Consultancy Services Private Limited**

Experienced Hi-Tech Consultancy Services Private Limited (“**Experienced Hi-Tech**”) is among other things, permitted to carry on the business of providing engineering consultancy and research services.

#### *Shareholding Pattern*

The shareholding pattern of Experienced Hi-Tech as on the date of this Draft Red Herring Prospectus is as follows:



Name of Shareholders	Number of Shares	% of Shareholding
Mrs. Amita Bishnoi	37,520	97.40
Mr. Vijay Bishnoi	1,000	2.60
<b>Total</b>	<b>38,520</b>	<b>100.00</b>

## 2. *Vasundhra Technologies (India) Private Limited*

Vasundhra Technologies (India) Private Limited (“**Vasundhra Technologies**”) is among other things, permitted to carry on the business of manufacturing, producing, assembling, engineering, designing and buying and selling of all kinds of earth moving equipment, heavy vehicles and machines, spraying machines, irrigation machinery and transportation equipments.

### *Shareholding Pattern*

The shareholding pattern of Vasundhra Technologies as on the date of this Draft Red Herring Prospectus is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Amul Gabrani	220,100	95.61
Dr. Goldie Gabrani	10,000	4.35
Mr. Ajay Kumar Bishnoi	100	0.04
<b>Total</b>	<b>230,200</b>	<b>100.00</b>

## 3. *Tecpro Infotech Private Limited*

Tecpro Infotech Private Limited (“**Tecpro Infotech**”) is among other things, permitted to carry on the business of exporting, importing, developing, designing, marketing, trading, selling, distributing and licensing computer software and hardware of any description, particularly those used in or in connection with electronic data processing equipment, computers, micro processors based systems and providing software, hardware, programs and data processing services.

The shareholding pattern of Tecpro Infotech as on the date of this Draft Red Herring Prospectus is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Ajay Kumar Bishnoi	255,550	50.00
Mr. Amul Gabrani	255,550	50.00
<b>Total</b>	<b>511,100</b>	<b>100.00</b>

## 4. *ABAG Hi-tech Education Private Limited*

ABAG Hi-tech Education Private Limited (“**ABAG Hi-tech**”) is among other things, permitted to carry on the business of establishing and running educational institutions.

The shareholding pattern of ABAG Hi-tech as on the date of this Draft Red Herring Prospectus is as follows:

Name of Shareholders	Number of Shares	% of Shareholding
Mr. Ajay Kumar Bishnoi	402,500	50.00
Mr. Amul Gabrani	402,500	50.00
<b>Total</b>	<b>805,000</b>	<b>100.00</b>

### **Other Information**

#### *Common Pursuits*

None of our Group Companies are engaged in any activities similar to those conducted by us. Our Company has not adopted any measures for mitigating such conflict situations. For details of business transactions within the group and their significance on the financial performance of the Company, see “**Consolidated Financial**



***Information of Tecpro Systems Limited - Annexure XIII - Consolidated Statement of Related Party Disclosures*** on page 257.

*Sick Companies*

None of the companies forming part of our Promoters or Group Companies have become sick companies within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and none of them is under winding up. Additionally, none of our Group Companies have become defunct in the five years preceding the date of filing of the Draft Red Herring Prospectus and no application has been made, in respect of any of the Group Companies, to the relevant Registrar of Companies for striking off their names.

For details of the Group Companies/Subsidiaries/associate companies having business interests or other interests in the Company, see “***Consolidated Financial Information of Tecpro Systems Limited - Annexure XIII - Consolidated Statement of Related Party Disclosures***” on page 257.

Except as disclosed in “***Consolidated Financial Information of Tecpro Systems Limited - Annexure XIII - Consolidated Statement of Related Party Disclosures***” on page 257, there have been no sales/purchases between our Company and our Group Companies and associate companies where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company during fiscal 2009, 2008, 2007, 2006, 2005 and the seven months period ended October 31, 2009.

*Disassociation by the Promoters in the last three years*

<b>Name of the Company</b>	<b>Date of Disassociation</b>	<b>Reasons for Disassociation</b>
Tecpro Infrastructures Private Limited	March 30, 2009	Divestment





## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by the shareholders at their discretion, subject to the provision of the Articles of Association and the Companies Act. The dividends, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial position of the Company. The Company has no formal dividend policy. The Board may also from time to time pay interim dividends. In addition, our ability to pay dividends may be impacted by a number of other factors, including, restrictive covenants under the loan or financing documents we may enter into from time to time.

The dividends declared by the Company during the last five fiscal years have been presented below:

### 1. *Equity Shares:*

Particulars	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Face value per Equity Share (Rs.)	10	10	10	10	10
Dividend Paid (Rs. in million)*	138.49	186.88	63.02	19.83	Nil
Rate of Dividend (%)	50.00	70.00	70.00	130.00	-

\*Excluding dividend tax.

### 2. *Preference Shares:*

Particulars	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Face value per Preference Share (Rs.)	-	-	-	100	-
Dividend Paid (Rs.)*	-	-	-	4,452	-
Rate of Dividend (%)	-	-	-	0.01	-

\*Excluding dividend tax.

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future.



## SECTION V – FINANCIAL INFORMATION

### UNCONSOLIDATED FINANCIAL INFORMATION OF TECPRO SYSTEMS LIMITED

#### AUDITORS REPORT ON RESTATED UNCONSOLIDATED FINANCIAL STATEMENTS

##### Report by the Auditors

The Board of Directors  
Tecpro Systems Limited  
106, Vishwadeep Tower,  
Plot No. 4, District Centre, Janak Puri  
New Delhi – 110 058

- (1) We have examined the attached financial information of Tecpro Systems Limited ('TSL' or 'the Company'), comprising summary statement of profits and losses, as restated, summary statement of assets and liabilities, as restated, and statement of cash flows, as restated and other financial information explained in paragraph 4 (f) below, as approved by the board of directors of the Company, prepared in terms of requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date ('SEBI Regulations') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 2 April 2010, in connection with the proposed issue of equity shares of the Company.
- (2) The above financial information have been extracted by the management from the financial statements for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007 ('Revised' as mentioned in point no. 2(a) of Note 2 of Annexure IV), 31 March 2008 and 31 March 2009. The audit for the financial year ended 31 March 2005 was conducted by previous auditor, K. Bhushan & Co., Chartered Accountants and accordingly reliance has been placed on the financial statements audited by them. Accordingly, our examination of the restated financial information of the Company for the financial year ended 31 March 2005 is based solely on financial statements audited by them.
- (3) We have also examined the financial information of the Company for the seven months period ended 31 October 2009, approved by the Board of Directors for the purpose of disclosure in the offer document of the Company mentioned in Paragraph (1) above (the broken period ending not before six months from the date of prospectus).

The financial information for the above period was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.

Based on the above, we report that in our opinion and according to the information and explanations given to us, we have found the same to be correct and the same have accordingly been used in the financial information appropriately.

- (4) In accordance with the requirements of Paragraph B of Part II of Schedule II to the Companies Act 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time, and in terms of our engagement as agreed with you, we further report that:
  - (a) The Company has not prepared any accounts on a date ending three months before the issue of the Draft Red Hearing Prospectus.
  - (b) The summary statement of profits and losses of the Company, as restated, for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007 ('Revised'), 31 March 2008, 31 March 2009 and for seven months period ended 31 October 2009 as set out in Annexure I to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure IV to this report. As a result of these adjustments and regroupings, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial year ended 31 March 2005 reliance has been placed by us on the financial statements audited by M/s K. Bhushan & Co., Chartered Accountants.
  - (c) The summary statement of assets and liabilities of the Company, as restated, as at 31 March 2005, 31 March 2006, 31 March 2007 ('Revised'), 31 March 2008, 31 March 2009 and 31 October 2009 as set out in Annexure II to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure IV to this report. As a result of these adjustments and regroupings, the amounts reported in the



above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial year ended 31 March 2005 reliance has been placed by us on the financial statements audited by M/s K. Bhushan & Co., Chartered Accountants.

- (d) The statement of cash flows of the Company, as restated, for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007 ('Revised'), 31 March 2008, 31 March 2009 and for seven months period ended 31 October 2009 as set out in Annexure V to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure IV to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial year ended 31 March 2005 reliance has been placed by us on the financial statements audited by M/s K. Bhushan & Co., Chartered Accountants.
- (e) Based on above and also as per the reliance placed on the financial statements audited by the previous auditor, M/s K. Bhushan & Co., Chartered Accountants for the financial year ended 31 March 2005, we are of the opinion that the restated financial information, prepared by the management of the Company and approved by its Board of Directors, has been made after incorporating the following:
- i. the impact of correction of accounting policies / changes in accounting policies have been adjusted with retrospective effect in the respective financial years to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods;
  - ii. material amounts relating to previous years have been adjusted in the restated financial information in the respective financial years to which they relate;
  - iii. qualifications in the auditors' report which require any adjustments have been given effect to in the restated financial information in the respective financial years / period, except for qualifications in the auditors' report which do not require any corrective adjustments in the restated financial information as disclosed in Note 2 of Annexure IV;
  - iv. there are no extraordinary items, which need to be disclosed separately in the restated financial information in the respective financial years / period; and
  - v. there are no revaluation reserves outstanding as at 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008 that need to be disclosed separately and that would require adjustment to the restated financial information. Appropriate adjustments have been made in the statement of assets and liabilities for revaluation reserves outstanding as at 31 March 2009 and 31 October 2009.
- (f) We have also examined the following other financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009. In respect of the financial year ended 31 March 2005 the financial information has been included based upon the financial statements audited by previous auditor, M/s K. Bhushan & Co., Chartered Accountants and relied upon by us:
- i. Statement of dividends, declared by the Company, as restated, for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009, as appearing in Annexure VI to this report;
  - ii. Statement of secured and unsecured loans, as restated as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 October 2009 and details of terms and conditions, including interest rates, principal terms of security and repayment terms of the loans outstanding as at 31 October 2009, as appearing in Annexure VII to this report;
  - iii. Statement of other income (for years where it exceeds 20% of net profit before tax), as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009 as appearing in Annexure VIII to this report;
  - iv. Statement of accounting ratios, as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009, as appearing in Annexure IX to this report;
  - v. Capitalisation statement, as restated as at 31 October 2009, as appearing in Annexure X to this report;



- vi. Statement of tax shelters, as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009, as appearing in Annexure XI to this report;
- vii. The "Break up of ageing schedule of sundry debtors" and "Break up of loans and advances", as restated (separately showing loans/advances to promoters/promoter group/group companies) as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 October 2009, as appearing in Annexure XII to this report;
- viii. Statement of aggregate book value and market value of investments, as restated as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 October 2009, as appearing in Annexure XIII to this report;
- ix. Statement of related party disclosures, as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009 as per Accounting Standard 18 on 'Related Parties' prescribed by Companies (Accounting Standards) Rules, 2006, as appearing in Annexure XIV to this report; and
- x. Statement of segment reporting, as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009 as per Accounting Standard 17 on 'Segment Reporting' prescribed by Companies (Accounting Standards) Rules, 2006, as appearing in Annexure XV to this report.

In our opinion, the above financial information of the Company read with significant accounting policies appearing in Annexure III to this report, after making adjustments and regroupings as considered appropriate and as set out in Annexure IV to this report, has been prepared in accordance with Paragraph B, Part II of Schedule II to the Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time, and in terms of our engagement as agreed with you.

- (5) Our report is intended solely for the use of management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

**For B S R & Co.**  
*Chartered Accountants*  
ICAI firm registration no. 101248W

Place : Gurgaon  
Date : April 21, 2010

**Vikram Advani**  
*Partner*  
Membership No: 091765



## Annexure I

### Summary statement of profit and loss, as restated

(Amounts in Rupees million)

Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
<b>Income</b>						
Sales						
- Of products manufactured by the Company	262.66	538.28	681.34	1,438.05	2,052.28	821.86
- Of products traded (project supplies by the Company)	219.84	387.34	1,382.01	2,863.77	3,765.34	2,480.11
Service income	19.07	103.13	236.22	522.22	493.20	257.45
Contract revenue	-	-	-	-	759.01	1,473.58
Other income	1.82	3.73	13.51	37.83	90.68	96.32
Increase/ (decrease) in inventory	19.62	35.21	70.83	2.37	268.80	352.26
<b>Total (A)</b>	<b>523.01</b>	<b>1,067.69</b>	<b>2,383.91</b>	<b>4,864.24</b>	<b>7,429.31</b>	<b>5,481.58</b>
<b>Expenditure</b>						
Raw materials consumed- manufacturing	129.22	269.22	446.25	895.05	1,617.95	690.36
Raw materials consumed- supplied to fabricators /sites for fabrication	162.18	154.65	251.44	554.12	743.08	233.29
Purchases of traded products (project supplies)	66.62	232.96	893.91	1,828.38	2,374.14	2,073.68
Contract costs	-	-	-	-	469.67	912.30
Staff costs	23.34	55.92	115.85	225.37	370.31	350.42
Other cost of goods sold	33.13	86.25	101.76	233.31	400.58	300.87
Administration expenses	28.08	51.22	102.65	190.65	176.57	169.28
Selling and distribution expenses	36.03	39.66	85.44	210.56	296.24	190.13
Interest and bank charges	7.22	16.50	35.13	44.31	130.78	318.49
Depreciation and amortization	1.23	7.49	12.35	23.02	31.20	35.76
<b>Total (B)</b>	<b>487.05</b>	<b>913.87</b>	<b>2,044.78</b>	<b>4,204.77</b>	<b>6,610.52</b>	<b>5,274.58</b>
<b>Profit/(loss) before tax and adjustments (C) =(A) – (B)</b>	<b>35.96</b>	<b>153.82</b>	<b>339.13</b>	<b>659.47</b>	<b>818.79</b>	<b>207.00</b>
<b>Provision for tax</b>						
- Current tax (D)	8.00	59.31	123.82	241.47	307.76	75.32
- Deferred tax charge/(release) (E)	0.30	1.69	2.33	2.37	(1.26)	(0.73)
- Fringe benefit tax (F)	-	1.73	2.17	4.18	5.42	0.09
<b>Profit/(loss) after tax and before adjustments (G) = (C) -(D) - (E) -(F)</b>	<b>27.66</b>	<b>91.09</b>	<b>210.81</b>	<b>411.45</b>	<b>506.87</b>	<b>132.32</b>
Adjustments (Refer Note 1 of Annexure IV) (H)	(2.02)	0.96	0.04	0.04	0.04	0.02
Adjustments pursuant to the scheme of amalgamation (Refer Note 1 of Annexure IV) (I)	-	-	-	-	2.10	-
Current tax impact and prior period income tax impact of adjustments (Refer Note 1 of Annexure IV) (J)	(5.92)	5.50	(1.32)	(1.37)	2.08	4.30
Fringe benefit tax impact of adjustments (Refer Note 1 of Annexure IV) (K)	-	-	(0.58)	0.32	0.17	0.09
Deferred tax impact of adjustments	(0.36)	(0.40)	0.50	0.03	0.47	(0.29)



Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
(Refer Note 1 of Annexure IV) (L) [(charge)/release]						
<b>Total of adjustments after tax impact (M) = (H)+(I)+(J)+(K)+(L) ##</b>	<b>(8.30)</b>	<b>6.06</b>	<b>(1.36)</b>	<b>(0.98)</b>	<b>4.86</b>	<b>4.12</b>
<b>Net Profit as restated (G) + (M)</b>	<b>19.36</b>	<b>97.15</b>	<b>209.45</b>	<b>410.47</b>	<b>511.73</b>	<b>136.44</b>
Profit/(Loss) brought forward from previous year	2.26	11.62	36.16	91.88	133.71	434.93
Adjustment on account of amalgamation **	-	-	-	-	2.21	(15.29)
<b>Profit/(loss) balance available for appropriation</b>	<b>21.62</b>	<b>108.77</b>	<b>245.61</b>	<b>502.35</b>	<b>647.65</b>	<b>556.08</b>
<b>Appropriations</b>						
Transfer to General Reserve	10.00	50.00	80.00	150.00	50.69	-
Proposed dividend	-	-	-	186.88	-	-
Proposed dividend tax	-	-	-	31.76	-	-
Interim dividend	-	19.83	63.02	-	138.49	-
Dividend tax	-	2.78	10.71	-	23.54	-
Provision for preference dividend	-	0.00*	-	-	-	-
Provision for preference dividend tax	-	0.00*	-	-	-	-
<b>Balance carried forward to Balance Sheet</b>	<b>11.62</b>	<b>36.16</b>	<b>91.88</b>	<b>133.71</b>	<b>434.93</b>	<b>556.08</b>

\* Provision for preference dividend and provision for preference dividend tax is Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

# Includes income tax of Rs. 0.76 million and deferred tax charge of Rs. 0.07 million.

## Figures in brackets represent decrease in profits.

\*\* Refer to points 4 f) and 5 a) of note. 4 of Annexure IV.

Note: To be read together with significant accounting policies (Annexure III) and Notes to summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated (Annexure IV).

The reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2004 is given in note no. 3 of Annexure IV.



## Annexure II

### Summary statement of assets and liabilities, as restated

(Amounts in Rupees million)

Particulars	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>A Fixed assets</b>						
(i) Gross block	32.29	107.85	152.85	228.10	430.41	1,237.53
Less: Accumulated depreciation	2.21	7.23	15.49	31.97	60.75	126.02
Net block	30.08	100.62	137.36	196.13	369.66	1,111.51
Less : Revaluation reserve	-	-	-	-	73.08	72.50
Net block after adjustment for Revaluation reserve	30.08	100.62	137.36	196.13	296.58	1,039.01
(ii) Capital work in progress/ advances	25.05	0.38	50.98	216.05	544.69	29.41
<b>Net block</b>	<b>55.13</b>	<b>101.00</b>	<b>188.34</b>	<b>412.18</b>	<b>841.27</b>	<b>1,068.42</b>
<b>B Intangible assets (net of amortisation)</b>	<b>0.43</b>	<b>10.31</b>	<b>10.22</b>	<b>11.71</b>	<b>10.58</b>	<b>14.24</b>
<b>C Investments</b>	<b>0.36</b>	<b>1.84</b>	<b>146.51</b>	<b>155.85</b>	<b>100.88</b>	<b>65.21</b>
<b>D Current assets, loans and advances</b>						
(i) Inventories	44.31	100.86	238.60	328.96	793.15	1,475.41
(ii) Sundry debtors	119.69	332.13	891.60	2,176.62	3,743.95	5,779.78
(iii) Cash and bank balances	31.41	138.55	250.24	400.24	955.24	1,481.88
(iv) Loans and advances	11.94	52.67	56.40	118.15	192.46	653.38
(v) Other current assets	-	0.65	4.95	7.85	316.27	311.29
	<b>207.35</b>	<b>624.86</b>	<b>1,441.79</b>	<b>3,031.82</b>	<b>6,001.07</b>	<b>9,701.74</b>
<b>(A+B+C+D)</b>	<b>263.27</b>	<b>738.01</b>	<b>1,786.86</b>	<b>3,611.56</b>	<b>6,953.80</b>	<b>10,849.61</b>
<b>E Liabilities and provisions</b>						
(i) Secured loans	1.98	75.29	179.73	248.98	774.76	2,490.59
(ii) Unsecured loans	5.07	-*	-	-	91.91	145.95
(iii) Deferred tax liability – net	0.66	2.74	4.57	6.91	5.30	4.53
(iv) Current liabilities and Provisions	223.44	391.04	1,092.27	2,343.64	4,565.99	5,561.29
(v) Share application money	-	0.81	4.80	-	-	-
	<b>231.15</b>	<b>469.88</b>	<b>1,281.37</b>	<b>2,599.53</b>	<b>5,437.96</b>	<b>8,202.36</b>
<b>Net worth (A+B+C+D-E)</b>	<b>32.12</b>	<b>268.13</b>	<b>505.49</b>	<b>1,012.03</b>	<b>1,515.84</b>	<b>2,647.25</b>
<b>F Represented by</b>						
(i) Share Capital						
- Equity share capital	8.00	19.47	125.90	266.98	276.98	276.98
Equity shares issued pursuant to the scheme of amalgamation ##	-	-	-	-	-	165.26
- Preference share capital	-	150.00	-	-	-	-
	<b>8.00</b>	<b>169.47</b>	<b>125.90</b>	<b>266.98</b>	<b>276.98</b>	<b>442.24</b>
(ii) Reserves and surplus						
- Securities premium	-	0.00*	145.21	318.84#	583.94	981.54
- Capital reserve	-	-	-	-	-	38.86
- Revaluation reserve	-	-	-	-	73.08	72.50
- General reserve	12.50	62.50	142.50	292.50	219.99	628.53
- Profit and Loss Account	11.62	36.16	91.88	133.71	434.93	556.08
	<b>24.12</b>	<b>98.66</b>	<b>379.59</b>	<b>745.05</b>	<b>1,311.94</b>	<b>2,277.51</b>





Particulars	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
Less: Revaluation Reserve	-	-	-	-	73.08	72.50
Reserves and surplus (Net of Revaluation Reserves )	24.12	98.66	379.59	745.05	1,238.86	2,205.01
<b>Net worth</b>	<b>32.12</b>	<b>268.13</b>	<b>505.49</b>	<b>1,012.03</b>	<b>1,515.84</b>	<b>2,647.25</b>

\* Unsecured loans is Rs. 500 and securities premium is Rs. 2,700 and are shown as Nil due to rounding off.

# Refer point no. 3) f) of note 4 of Annexure IV for share issue expenses utilised against securities premium.

## Refer point 5a) of note 4 of Annexure IV

Note:

To be read together with Significant accounting policies (Annexure III) and Notes to summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated (Annexure IV).

The reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2004 is given in note no. 3 of Annexure IV

There are no revaluation reserves outstanding as at 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008 that would require adjustment to the financial information, as restated.



## Annexure III

### Significant accounting policies for the seven months period ended 31 October 2009

#### *(a) Basis of accounting*

The financial statements are prepared and presented under the historical cost convention (except for revaluation of land situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

#### *(b) Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting year/period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### *(c) Revenue recognition*

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Revenue from services is recognised on rendering of services to customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

Revenue from long-term construction contracts in accordance with Accounting Standard-7 on “Construction Contracts” is recognized using the percentage of completion method. Percentage of completion method is determined as a proportion of cost incurred to date to the total estimated contract cost. Where the total cost of the contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such excess is provided during the year/period.

#### *(d) Fixed assets and capital work-in-progress*

Fixed assets, including capital work in progress, are stated at cost of acquisition or construction less accumulated depreciation except for land situated at Plot No. SP 496-497 Industrial Estate, Bhiwadi, Rajasthan which is stated at revalued cost less accumulated depreciation. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

#### *(e) Borrowing cost*

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.

#### *(f) Impairment*

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

#### *(g) Depreciation*

Depreciation is provided on a pro-rata basis under the straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that



envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Rates of depreciation (where different from the rates prescribed in Schedule XIV to the Companies Act, 1956) have been derived on the basis of the following estimated useful lives:

	Estimated Useful life (in years)
Office equipments	6
Furniture's and fixtures	5
Vehicles	2-10
Temporary sheds at project sites (To coincide with the project period)*	1-5
Patterns	3
Shuttering and Scaffolding**	4
Office building*	28.44

\*Included in Buildings in the financial statements

\*\*Included in Plant and Machinery in the financial statements

The rates of depreciation used reflect the useful lives of assets.

Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period of lease or the useful life of the underlying asset, whichever is less.

Depreciation on additions is being provided on a pro rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year/period is being provided up to the date on which such assets are sold/disposed off.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

#### (h) *Intangible assets*

Intangible assets comprise computer software and technical know-how and are stated at cost, including taxes, less accumulated amortisation. Computer software is amortised on a straight line basis over three years. Technical know-how is amortised on a straight line basis over its estimated useful life of approximately 50 months, being the period over which the Company expects to derive economic benefits from the use of the technical know-how.

#### (i) *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis.

In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Contract work in progress includes contract costs that relate to future activity on the long term construction contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract performance and excludes the materials which have been made specially for such contracts.

#### (j) *Foreign currency transactions*

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains/losses arising on account of realisation/settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognised in the Profit and Loss Account.

#### (k) *Provisions and contingencies*

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



*(l) Taxation*

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

*(m) Employee benefits*

1. All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the profit and loss account in the period in which the employee renders the related service.
2. Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account.
3. Superannuation fund is a defined contribution scheme. The Company contributes to schemes administered by the Life Insurance Corporation of India ('LIC') to discharge its superannuation liabilities. The Company's contribution paid/payable under the scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.
4. Gratuity costs are defined benefits plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

5. Benefits under the Company's leave encashment scheme constitute other long term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's leave encashment fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account.

*(n) Investments*

Long term investments are valued at cost. Any decline other than temporary, in the value of long-term investments, is adjusted in the carrying value of such investments. Diminution, if any, is determined individually for each long-term investment. Current investments are valued at the lower of cost and fair value of individual scrips.



*(o) Earnings per share*

Basic earnings per share are computed by dividing the net profit/(loss) for the year/period attributable to the equity shareholders with the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year/period, except where the results would be anti-dilutive.

*(p) Leases*

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

*(q) Events occurring after the balance sheet date*

Adjustment to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amount of assets and liabilities relating to condition existing at the balance sheet date.



## Annexure IV

Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II)

- Below mentioned is the summary of results of adjustments / rectifications made in the audited accounts of the respective years and its impact on profits and losses and assets and liabilities.

(Amounts in Rupees million)						
Adjustments [(income)/expense] in Statement of profit and loss arising out of:	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
<b>A Changes in accounting policies/ correction of accounting policies (refer Note A) #</b>						
(a) Depreciation (refer Note 1)	(0.40)	0.04	0.04	0.04	0.04	0.02
(b) Accounting for preliminary and share issue expenses (refer Note 2)	(0.14)	0.19	-	-	-	-
(c) Revenue recognition (sales net of cost) (refer Note 3)	(2.28)	2.28	-	-	-	-
(d) Accounting for restatement of foreign currency balances (refer Note 4)	0.45	(0.45)				
(e) Accounting for gratuity and leave encashment expenses (refer Note 5)	0.35	(1.10)	-	-		
<b>Total</b>	<b>(2.02)</b>	<b>0.96</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.02</b>
<b>Effect of adjustments in A on tax ##</b>						
(a) Provision for current tax	(0.67)	(0.14)	(0.02)	0.27	(2.64)	-
(b) Deferred tax charge/ (release)	0.36	0.40	(0.50)	(0.03)	(0.47)	0.29
<b>B Prior period items (refer Note B) ##</b>						
(a) Provision for current tax	6.59	(5.36)	1.34	1.10	0.56	(4.30)
(b) Provision for fringe benefit tax	-	-	0.58	(0.32)	(0.17)	(0.09)
<b>C Regroupings (refer Note C)</b>						
(a) Sales	20.89	-	-	-	-	-
(b) Service income	(19.07)	-	-	-	-	-
(c) Other income	(1.82)	-	-	-	-	-
(d) Raw material consumed	(7.25)	-	-	-	-	-
(e) Staff costs	0.93	-	-	-	-	-
(f) Other cost of goods sold	(23.37)	-	-	-	-	-
(g) Administration expenses	0.78	-	-	-	-	-



Adjustments [(income)/expense] in Statement of profit and loss arising out of:	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
(h) Selling and distribution expenses	29.01	-	-	-	-	-
(i) Interest and financial charges	(0.10)	-	-	-	-	-
<b>D Adjustments pursuant to the scheme of amalgamation (refer Note D)**/ ##</b>						
(a) Other Income	-	-	-	-	(3.60)	-
less :- Intercompany elimination	-	-	-	-	3.60	-
(b) Administration expenses	-	-	-	-	0.03	-
less :- Intercompany elimination	-	-	-	-	(3.60)	-
(c) Interest and financial charges	-	-	-	-	0.00*	-
(d) Depreciation and amortisation	-	-	-	-	0.64	-
(e) Income tax	-	-	-	-	0.76	-
(f) Deferred tax charge/(credit)	-	-	-	-	0.07	-
<b>Total</b>	-	-	-	-	<b>(2.10)</b>	-

# Figures in brackets represent decrease in the profits.

## Figures in brackets represent release to the Profit and Loss Account.

\* Interest and financial charges of Rs. 205 are being shown as Nil due to rounding off.

\*\* Intercompany elimination pertains to transactions between the transferor company, Blossom Automotive Private Limited, and the Company which have been eliminated pursuant to the scheme of amalgamation.





**Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) (continued)**

**(Amounts in Rupees million)**

	Cumulative effect of above [increase / (decrease)] in Statement of assets and liabilities:	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>A</b>	<b>Changes in accounting policies/ correction of accounting policies (Refer Note A)</b>						
	(a) Reserves and surplus	(1.16)	(0.46)	0.09	(0.11)	3.04	2.77
	(b) Miscellaneous expenditure to the extent not written off (refer Note 2)	(0.19)	-	-	-	-	-
	(c) Deferred tax liability	0.04	0.43	(0.07)	(0.10)	(0.57)	(0.28)
	(d) Debtors (refer Note 3 and note 4)	(17.80)	-	-	-	-	-
	(e) Inventories (refer Note 3)	15.59	-	-	-	-	-
	(f) Current liabilities and provision (refer Note 5)	(1.67)	(0.33)	(0.35)	(0.12)	(2.72)	(2.73)
	(g) Fixed assets (refer Note 1)	(0.40)	(0.36)	(0.33)	(0.29)	(0.25)	(0.23)
<b>B</b>	<b>Prior period items (refer Note B)</b>						
	(a) Reserves and surplus	(6.65)	(1.29)	(3.21)	(4.00)	(4.39)	-
	(b) Current liabilities and provisions	6.65	1.29	3.21	4.00	4.39	-
<b>C</b>	<b>Regroupings (refer Note C)</b>						
	(a) Loans and advances	(2.90)	-	-	-	-	-
	(b) Inventories	(0.34)	-	-	-	-	-
	(c) Unsecured loans	(33.11)	-	-	-	-	-
	(d) Current liabilities and provisions	29.87	-	-	-	-	-
<b>D</b>	<b>Adjustments pursuant to the scheme of amalgamation (refer Note D)</b>						
	Share premium	-	-	-	-	35.10	-
	Revaluation Reserve	-	-	-	-	73.08	-
	Reserves and surplus	-	-	-	-	4.31	-
	General reserve #	-	-	-	-	(123.20)	-
	Deferred tax liability	-	-	-	-	0.12	-
	Fixed assets	-	-	-	-	118.46	-
	Accumulated Depreciation (increase)	-	-	-	-	5.20	-
	Cash and bank	-	-	-	-	0.21	-
	Loans and advances**	-	-	-	-	(3.77)	-
	Current liabilities**	-	-	-	-	(6.92)	-

\*\* Represents balances net of adjustments on account of elimination of intercompany balances between the Transferor company and the Company.

# Refer to point no. 4 f) of note 4 of Annexure IV.



**Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) (continued)**

**Notes:**

**A. Changes in accounting policies / correction of incorrect accounting policies**

*1 ) Depreciation*

In respect of depreciation upto 31 March 2005 on assets costing less than Rs. 5,000 depreciation was not being charged at rates prescribed in Schedule XIV to the Companies Act, 1956. Accordingly, depreciation on such assets has been recomputed as per the rates prescribed in Schedule XIV to the Companies Act, 1956 for the relevant years and consequently, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2005 with consequential impact on the years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009.

*2 ) Miscellaneous expenditure to the extent not written off*

With effect from 1 April 2005, the Company adopted the accounting policy of writing off preliminary expenses comprising Registrar of Companies (ROC) fees, stamp duty charges, etc., in the year in which they were incurred. Accordingly, such expenses were written off in the accounts. Upto the year ended 31 March 2005, such expenses were being amortised and the unamortised balance was carried forward under the head 'Miscellaneous expenditure to the extent not written off. However, for the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such expenses have been written off in the years in which they were incurred with consequential impact on the year ended 31 March 2006. The unamortised balance under the head "Miscellaneous expenditure to the extent not written off" as at 1 April 2004 has been adjusted from the opening reserves as on 1 April 2004.

*3) Revenue recognition*

In respect of domestic sales, the Company recognised revenue when goods were invoiced on dispatch to customers for the financial year ended 31 March 2005. Recognition of revenue on dispatch in respect of domestic sales, read with certain other conditions in sales contracts, was not appropriate in those cases where significant risks and rewards of ownership in goods did not pass to the buyer on dispatch.

In respect of export sales, revenue for the year ended 31 March 2005 was recognised on the basis of the shipping bill date. Recognition of revenue on shipping bill date as against bill of lading date, read with certain other conditions in sales contracts, resulted in premature recognition of revenue in respect of certain contracts. Accounting Standard 9 (AS 9) on "Revenue Recognition", prescribed by the Companies (Accounting Standards) Rules, 2006, requires revenue to be recognised only when the seller of the goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership. Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the year ended 31 March 2005 with consequential impact on the year ended 31 March 2006. The impact of these adjustments has been reflected in sales, debtors, inventories and increases/ (decreases) in inventories and is tabulated below:

	<b>(Amounts in Rupees million)</b>	
	<b>Year ended 31 March 2005</b>	<b>Year ended 31 March 2006</b>
<u>Profit and loss account</u>		
(Increase)/ decrease in sales	17.87	(17.87)
Increase/ (decrease) in inventory	(15.59)	15.59
<u>Balance Sheet</u>		
Increase/ (decrease) in debtors	(17.87)	-
Increase/ (decrease) in inventory	15.59	-
(Increase)/ decrease in opening reserves	-	2.28

*4) Foreign currency transactions*

For the period ended 31 March 2006, the Company had in accordance with Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates" prescribed by the Companies (Accounting Standards) Rules, 2006, restated monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date at the rates of exchange prevailing on



that date. For the year ended 31 March 2005, no such restatements were recorded in the audited financial statements. Accordingly, adjustments on account of the above restatements have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the year ended 31 March 2005 with consequential impact on the year ended 31 March 2006.

5) *Provision for gratuity and leave encashment*

The Company has adopted Accounting Standard 15 (Revised) "Employee Benefits" (AS 15) prescribed by Companies (Accounting Standards) Rules, 2006, for computing provision for gratuity and provision for leave encashment for the year ended 31 March 2008. Accordingly, provision for gratuity and provision for leave encashment has been recomputed on the basis of AS-15 (Revised) for each preceding year and consequently the adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2005 and 31 March 2006. Further, for the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the year ended 31 March 2005, an adjustment has been made in the opening reserves as at 1 April 2004 with the consequential impact on the year ended 31 March 2005.

**B. Prior period items**

In the financial statements for the year ended 31 March 2006, income tax expense pertaining to the years ended 31 March 2005 and 31 March 2003 has been disclosed as a prior period items. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, income tax expense pertaining to the year ended 31 March 2005 has been appropriately adjusted in the respective year and income tax expense pertaining to the year ended 31 March 2003 has been adjusted from the opening reserves as at 1 April 2004.

In the financial statements for the year ended 31 March 2007, income tax expense pertaining to the year ended 31 March 2006 and 31 March 2004 has been disclosed as a prior period item. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, income tax expense pertaining to the year ended 31 March 2006 has been appropriately adjusted in the respective year and income tax expense pertaining to the year ended 31 March 2004 has been adjusted from the opening reserves as at 1 April 2004.

In the financial statements for the year ended 31 March 2008, income tax expense pertaining to the years ended 31 March 2007 and 31 March 2005 and fringe benefit tax expense pertaining to the year ended 31 March 2007 has been disclosed as a prior period items. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

In the financial statements for the year ended 31 March 2009, income tax expense pertaining to the years ended 31 March 2008 and 31 March 2005 and fringe benefit tax expense pertaining to the year ended 31 March 2008 has been disclosed as a prior period items. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

In the financial statements for the seven months period ended 31 October 2009, income tax expense and fringe benefit tax expense pertaining to the year ended 31 March 2009 has been disclosed as a prior period items. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

**C. Regroupings**

Figures have been regrouped to ensure consistency of presentation. The following significant regroupings have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated:

- 1) For the year ended 31 March 2005, provision for taxation and advance tax were shown separately under provisions and loans and advances respectively. During the year ended 31 March 2006 and other relevant years/ period presented, provision for taxation has been shown net of advance tax. In the summary statement of assets and liabilities, as restated for the year ended 31 March 2005, advance tax has been netted off from provision for taxation and the net has been disclosed under provisions.
- 2) As at 31 March 2005, advances received from customers were shown under unsecured loans. As at 31 March 2006 and other relevant years / period presented, such advances have been shown under current liabilities. In the summary statement of assets and liabilities, as restated for the year ended 31 March 2005, such advances have been regrouped and disclosed accordingly under current liabilities.



- 3) For the year ended 31 March 2005, service income and other income were shown as part of total sales. During the year ended 31 March 2006 and other relevant years/ period presented, service income and other income were disclosed separately. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, such service income and other income have been regrouped and disclosed separately.
- 4) For the year ended 31 March 2005, drawing and designing charges were shown under raw materials consumed. During the year ended 31 March 2006 and other relevant years / period presented, such charges have been shown under other manufacturing expenses forming part of the cost of goods sold. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, such charges have been regrouped and disclosed accordingly under other cost of goods sold.
- 5) For the year ended 31 March 2005, commission expenses were shown under direct expenses and hence classified as manufacturing expenses. During the year ended 31 March 2006 and other relevant years/ period presented, such expenses have been shown under selling expenses. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, such expenses have been regrouped and disclosed accordingly under selling expenses.
- 6) For the year ended 31 March 2005, cartage outward was shown under direct expenses and hence classified as manufacturing expenses. During the year ended 31 March 2006 and other relevant years/ period presented, such expenses have been shown under selling expenses. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, such expenses have been regrouped and disclosed accordingly under selling expenses.
- 7) For the year ended 31 March 2005, professional charges were shown under direct expenses and hence classified as manufacturing expenses. During the year ended 31 March 2006 and other relevant years/ period presented, such expenses have been shown under administration expenses. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, such expenses have been regrouped and disclosed accordingly under administration expenses.
- 8) For the year ended 31 March 2005, staff welfare and other related personnel expenses were shown under administration and selling expenses. During the year ended 31 March 2006 and other relevant years/ period presented, such expenses have been shown under personnel costs. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, such expenses have been regrouped and disclosed accordingly under staff costs.

#### **D. Amalgamation**

During the year ended 31 March 2009, the Board of Directors of the Company in their meeting held on 18 August 2008 approved a Scheme of Amalgamation of its wholly owned subsidiary Blossom Automotive Private Limited (“transferor company”) with the Company. The Appointed date of the Scheme of Amalgamation is 1 April 2008 and the Effective Date shall be the last of dates on which the certified copies of the orders of the High Courts of Delhi and High Court of Rajasthan are filed with the Registrar of Companies. Thereafter, on and from the Appointed Date i.e. 1 April 2008 all the assets and liabilities of Transferor Company shall become assets and liabilities of the Company.

The Hon’ble High Court of Delhi has approved the Scheme of Amalgamation in its hearing held on 22 May 2009. The Transferor Company having its registered office in the State of Rajasthan filed Company Application (CA) no. 53 of 2008 followed by Company Petition (CP) no. 18 of 2008 with the Hon’ble High Court of Rajasthan, Jaipur Bench, Jaipur for approval of the Scheme of Amalgamation. The Hon’ble High Court of Rajasthan has approved the Scheme of Amalgamation in its hearing dated 10 July 2009.

The above orders were received by the Company subsequent to the signing of the financial statements and were filed with Registrar of Companies on 10 September 2009 (effective date). Accordingly, the effect of the amalgamation was not considered in the financial statements of the Company for the year ended 31 March 2009 and has been considered in the financial statements for the period ended 31 October 2009.

However, for the purpose of summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated, necessary adjustments arising out of the scheme of amalgamation of its wholly owned subsidiary Blossom Automotive Private Limited with the Company has been made for the year ended 31 March 2009 with consequential impact on the financial statements for the period ended 31 October 2009. (Also refer to point no. 4 f) of note 4 of Annexure IV).



## **E. Taxation**

Provision for taxation (income tax and deferred tax) for the respective years has been recomputed on the above adjusted profits on the basis of the rates applicable to the respective years.

### **2. Other audit qualifications, which do not require any corrective adjustment in the financial information, are as follows:**

#### **1) Financial year ended 31 March 2006**

- (a) The Company needs to strengthen its internal audit system to make it commensurate with the size and nature of its business.
- (b) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

#### **2) Financial year ended 31 March 2007**

- (a) As required by the Companies Act, 1956, Blossom Automotive Private Limited, wholly owned subsidiary of the Company, has not taken the prior approval of the Central Government under Section 295, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from the State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after 31 March 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act, 1956. The final hearing of the application is pending with the Central Government.

The financial statements of the Company for the year ended 31 March 2007, approved by the Board of the Company on 4 June 2007, have been revised on 22 August 2007 to include the above matter.

For status update also refer point 3 a) of note 2 of Annexure IV.

- (b) The Company has an internal audit system. However, the scope and coverage needs to be enhanced to make it commensurate with the size and nature of its business.
- (c) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

#### **3) Financial year ended 31 March 2008**

- (a) As required by the Companies Act, 1956, Blossom Automotive Private Limited, wholly owned subsidiary of the Company, had not taken the prior approval of the Central Government under Section 295 in the previous year, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after 31 March 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act, 1956. The final hearing of the application is pending with the Central Government.

Subsequent to the approval of accounts for the year ended 31 March 2008 by the Board of directors, the Company Law Board (CLB), on 6 June 2008, has compounded the petition filed by the Company and its officers. The CLB had ordered the payment of compounding fees aggregating Rs. 0.05 million to be paid by the Company and its officers. The payment for the same has been made.

- (b) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

There were delays in depositing undisputed advance income tax dues amounting to Rs. 8.3 million during the year that were in arrears as at 31 March 2008 for a period of more than six months from the date they became payable.

#### **4) Financial year ended 31 March 2009**

- (a) There were certain instances of delay in depositing undisputed advance income tax dues during the year.



#### 5) For the period ended 31 October 2009

The corresponding figures to the profit and loss account, the cash flow statement and notes to the accounts for the period 1 April 2008 to October 2008 have not been presented as required by Accounting Standard – 25 on ‘Interim Financial Reporting prescribed under Companies (Accounting Standards) Rules, 2006’.

#### 3. Reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2004, is given below:

##### Profit and Loss Account as at 1 April 2004

Particulars	Amount (in Rupees million)
Profit and Loss Account as at 1 April 2004 (Audited)	1.78
Preliminary expenses (refer point no. 2 of A of note 1 of Annexure IV)	(0.05)
Deferred taxation (refer point E of note 1 of Annexure IV)	0.32
Provision for taxation (refer point no. B of note 1 of Annexure IV)	0.06
Gratuity (refer point no. 5 of A of note 1 of Annexure IV)	0.10
Leave encashment (refer point no. 5 of A of note 1 of Annexure IV)	0.05
<b>Profit and Loss Account as at 1 April 2004 (Restated)</b>	<b>2.26</b>

#### 4. Other Significant notes (based on audited financial statements) and changes in the business of the Company during the last five financial years

Tecpro Systems Limited (‘TSL’ or ‘the Company’) was incorporated as a private limited company on 7 November 1990. The Company started its operations during the year ended 31 March 2002. The Company started to supply material handling systems, viz. idlers, conveyors and conveyor components during that year. The Company was also engaged in fabrication work related to the above systems.

##### 1) Year ended 31 March 2006

- The Company during the year has invested in the equity share capital amounting to Rs. 0.9 million in Tecpro Energy Limited (‘TEL’) and made it a subsidiary company. The subsidiary company has not started any operations as at 31 March 2006. The Company’s equity shareholding in TEL is 87.38% (i.e. 90,000 shares) as at 31 March 2006.

TEL was incorporated as a private limited company on 9 June 2005 under the name of “Tecpro Manufacturing Private Limited”. The name was changed to “Tecpro Energy Private Limited” vide fresh Certificate of Incorporation dated 27 June 2006. On 30 May 2007, it was converted into a public limited company and the name was changed to “Tecpro Energy Limited” vide a ‘fresh certificate of incorporation consequent upon change of name on conversion to public limited company’.

- The Company commissioned its plant at Bawal, Haryana. This plant is mainly used to manufacture crushers, roller screens and structures.
- The Company has allotted 10 equity shares of Rs. 10 each at a premium of Rs. 90 per share and 499,990 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each to Avigo Venture Investments Limited and has allotted 20 equity shares and 999,980 CCPS to Metmin Investments Holdings Limited on similar terms.

For conversion of CCPS, a conversion date has been defined in the agreement with preference shareholders. The conversion date means earliest of the following dates:

- 30 September 2006.



- (ii) 30 days from the adoption of annual accounts in respect of the year ended 31 March 2006.
- (iii) the date immediately preceding the date of filing of an offer document for the Company's Initial Public Offer.
- (iv) the date immediately preceding the decision of the Company proposing specified liquidity event or corporate restructuring event or material breach of the shareholders agreement by the promoters (i.e. Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi) of the Company.

Conversion price for CCPS will be determined on the basis of pre money valuation of Rs. 770 million or 8 (eight) times the profit after tax for the year ended 31 March 2006 less any amount of dividend declared/paid for the financial year 2005-06 or financial year 2004-05 or financial year 2003-04 and any other long term debt, whichever is lower, subject to the condition that a minimum of 370,200 equity shares of Rs. 10 each shall be issued to the preference shareholders on the conversion of CCPS.

## 2) Year ended 31 March 2007

- a) The Company during the year has further invested in the equity share capital amounting to Rs. 1.5 million in Tecpro Energy Limited (formerly Tecpro Energy Private Limited). These shares are pending allotment as at 31 March 2007. The Company's equity shareholding in TEL is 87.38% (i.e. 90,000 shares) as at 31 March 2007. The subsidiary company has obtained licenses for setting up two biomass plants as at 31 March 2007.
- b) The Company during the year has invested in the equity share capital amounting to Rs. 12.695 million in Tecpro International FZE, a wholly owned subsidiary Company formed in Dubai, United Arab Emirates. The subsidiary company has not commenced commercial operations as at 31 March 2007.
- c) The Company during the year has invested in the equity share capital amounting to Rs. 4.77 million in Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited) ('TPSL') and made it a subsidiary company. The Company's equity shareholding in TPSL is 97.39% (i.e. 477,200 shares) as at 31 March 2007. The subsidiary company has not commenced commercial operations as at 31 March 2007.

TPSL was incorporated as a private limited company on 21 October 2005 under the name of "Tecpro Power Systems Private Limited". On 30 May 2007, the Company was converted into a public limited company and the name was changed to "Tecpro Power Systems Limited" vide a 'fresh certificate of incorporation consequent upon change of name on conversion to public limited company'.

- d) The Company has during the current year acquired Blossoms Automotive Private Limited (BAPL), owner of industrial land and building in Bhiwadi. Company paid a consideration of 127.20 million towards acquisition of equity share capital of BAPL. On acquisition, BAPL has become a wholly owned subsidiary of the Company. The Company subsequent to the acquisition commissioned its plant at the industrial land and building in Bhiwadi. This plant is mainly used to manufacture idlers and pulleys.
- e) Redemption of 0.01% Cumulative Convertible Preference Shares

During the current year, the Company had converted its 1,499,970, 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each into 387,500 equity shares of Rs. 10 each at a premium of Rs. 377.09 per share.

The above conversion price for CCPS was determined on the basis of eight times the profit after tax for the year ended 31 March 2006 less the amount of dividend declared/paid for the financial years 2005-06, 2004-05, 2003-04 and any other long term debt, as per the terms of shareholder agreement dated 10 December 2005 executed between the promoters (i.e. Amul Gabrani and Ajay Kumar Bishnoi) of the Company, the Company and the foreign investors (i.e. Avigo Venture Investments Limited and Metmin Investments Holdings Limited) of the Company.

- f) Contingent liabilities as at 31 March 2007
  - 1. Guarantees given by the Company on behalf of another Company amounting to Rs. 60 million.
  - 2. Bills discounted (including cheques discounted) with recourse amounting to Rs. 47.61 million.
  - 3. Claims against the Company not acknowledged as debts (excise matter) amounting to Rs. 0.3 million.





### 3) Year ended 31 March 2008

- a) The Company during the previous year has been allotted equity share capital amounting to Rs. 1.5 million in Tecpro Energy Limited (formerly Tecpro Energy Private Limited), a subsidiary of the Company. Further, the Company has invested Rs. 1.65 million towards equity share capital of the subsidiary. The amount is pending allotment as at 31 March 2008. The Company's equity shareholding in TEL is 94.86% (i.e. 240,000 shares) as at 31 March 2008.
- b) The Company has during the current year acquired 51 % equity share capital in Tecpro Trema Private Limited (Formerly Trema RJ Processes Private Limited) (TRPPL) for a consideration of Rs. 6.11 million and made it a subsidiary company. During the year, the name of TRPPL was changed to Tecpro Trema Private Limited. The Company's equity shareholding in Tecpro Trema Private Limited is 51% (i.e. 76,500 shares) as at 31 March 2008. Tecpro Trema Private Limited is an engineering Company providing services of design, engineering, procurement, construction and maintenance for air and gas pollution control systems attached to the industrial plants. Tecpro Trema Private Limited was incorporated in August 1999 as a 50:50 joint venture between Trema V. GMBH ('TVG') and R. Jaishankar, P.R. Shankar ('Indian shareholders'). The Company acquired the entire shareholding (i.e. 75,000 shares) of the Indian shareholders and 1 % equity share capital (i.e. 1,500 shares) from TVG.

Tecpro Trema Private Limited was incorporated as a private limited company under the Companies Act, 1956 on 11 August, 1999 as Trema RJ Processes Private Limited. Its name was subsequently changed to Tecpro Trema Private Limited and a fresh certificate of incorporation was issued on 4 October, 2007. The name of the company was further changed to Tecpro Trema Limited upon its conversion to a public limited company and a fresh certificate of incorporation was issued on 13 October, 2008.

- c) The Company during the current year has invested in the equity share capital amounting to Rs. 0.49 million in Ajmer Waste Processing Company Private Limited ('AWPCPL'). The Company controls the composition of the board of directors and hence has been considered as the subsidiary of the Company. The Company's equity shareholding in AWPCPL is 49% (i.e. 49,000 shares) as at 31 March 2008. Further, the Company has invested Rs. 0.005 million towards equity share capital of the subsidiary. The amount is pending allotment as at 31 March 2008. The subsidiary company has not commenced commercial operations as at 31 March 2008. AWPCPL is in the business of manufacturing Refused Derived Fuel (RDF) from municipal solid waste supplied by Ajmer Municipal Council.
- d) The Company during the current year has invested in the equity share capital amounting to Rs. 1.06 million in Tecpro Systems (Singapore) Pte. Ltd. (TSSPL). TSSPL was incorporated on 11 June 2007 for carrying out marketing activities for the Company. Upon incorporation of TSSPL the shareholders were Amul Gabrani and Ajay Kumar Bishnoi each holding one share of face value of one Singapore Dollar. On 13 July 2007, the two shares held by the directors were transferred to the Company and further 39,998 shares were allotted to the Company @ one Singapore Dollar each. As at 31 March 2008, the share capital of TSSPL is 40,000 shares which are wholly owned by the Company. Further, the Company has invested Rs. 7.14 million towards further issue of equity share capital of the subsidiary. The amount is pending allotment as at 31 March 2008.
- e) The Company during the current year has invested in the equity share capital amounting to Rs. 0.1 million in Bikaner Waste Processing Company Private Limited (BWPCPL). As at 31 March 2008, the share capital of BWPCPL is 10,000 shares which are wholly owned by the Company. BWPCPL is in the business of manufacturing Refused Derived Fuel (RDF) from municipal solid waste supplied by Bikaner Municipal Council. BWPCPL was incorporated on 8 March 2007 and has not commenced commercial operations as at 31 March 2008.
- f) During the year, the Company incurred share issue expenses amounting to Rs. 23.30 million in connection with the filing of the offer document for the proposed public issue of equity shares of the Company. In accordance with the provisions of Section 78 of the Companies Act, 1956, these expenses have been charged off against the available balance in the 'Securities Premium' account.
- g) Contingent liabilities as at 31 March 2008
  1. Guarantees given by the Company on behalf of another Company amounting to Rs. 1,900 million.
  2. Bills discounted (including cheques discounted) with recourse amounting to Rs. 37.45 million.
  3. Demand for additional price/ enhancement cost in respect of factory plots situated in Bawal Rs. 6.16 million



- The factory plots belonging to the Company, situated at Bawal were allotted by the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.
- The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/ enhancement cost amounting to Rs. 6.16 million in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 08 January 2008 and has obtained a stay order on 09 January 2008. The matter is pending adjudication. Pursuant to above, Rs. 6.16 million has been disclosed as 'Contingent liability'.

4. Sales tax liability against pending "C" forms amounting to Rs. 57.32 million.

- h) The Company has adopted Accounting Standard 15 (Revised) on "Employee Benefits" (AS 15) in the current year. Pursuant to the same, the Company has made the required disclosures as per the AS 15 (Revised) in the financial statements for the year ended 31 March 2008.

#### 4) Year ended 31 March 2009

- a. The Company has invested Rs. 4.05 million towards equity share capital of Tecpro Energy Limited, a subsidiary of the Company. The Company's equity shareholding in TEL is 98.02% (i.e. 645,000 shares) as at 31 March 2009.
- b. The Company has invested Rs. 50.50 million towards equity share capital of Tecpro Power Systems Limited, a subsidiary of the Company. The Company's equity shareholding in TPSL is 63.23% (i.e. 5,527,200 shares) as at 31 March 2009.
- c. The Company has invested Rs. 17.48 million towards equity share capital of Tecpro Systems (Singapore) Pte. Ltd, a subsidiary of the Company. The Company's equity shareholding in TSSPL is 100% (i.e. 626,000 shares) as at 31 March 2009.
- d. The Company has further invested Rs. 0.2 million towards equity share capital of Bikaner Waste Processing Company Private Limited, a subsidiary of the Company. The Company's equity shareholding in BWPCPL is 100% (i.e. 30,000 shares) as at 31 March 2009.
- e. The Company had acquired Blossom Automotive Private Limited ("BAPL" or "Blossom"), owner of industrial land and building in Bhiwadi with effect from 17 October 2006. Pursuant to the above, BAPL has become a wholly owned subsidiary of the Company. Subsequent to 17 October 2006, BAPL has given corporate guarantee and collateral security (created by an equitable mortgage on the property of BAPL situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019) for the credit facilities, short term corporate loan and term loan taken by the Company from State Bank of India.

Based on the legal advice from a renowned practicing Company Secretary, Blossom Automotive Private Limited (BAPL), wholly subsidiary of the Company had not obtained prior approval of the Central Government as required under Section 295 of the Companies Act, 1956 for providing guarantee and collateral security (created by an equitable mortgagee on the property of BAPL situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301 019), with respect to credit facilities obtained by the Company from the State Bank of India during the period between December, 2006 to June, 2007. Subsequently, based on another legal advice BAPL, the Company and their respective officers had taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by BAPL and filing of applications for compounding of the said violation under Section 621A of the Companies Act, 1956 before the Company Law Board. The matter has been compounded by the Company Law Board, New Delhi Bench vide its order dated 7 August 2008. The compounding order was filed with the Registrar of Companies on 13 August 2008.

#### f. Amalgamation of Blossom Automotive Private Limited with Tecpro Systems Limited

##### Background

The Hon'ble High Court of Delhi and the Hon'ble High Court of Rajasthan have approved the Scheme of Amalgamation of Company's wholly owned subsidiary Blossom Automotive Private Limited (Transferor company or Blossom) with Tecpro Systems Limited ("Transferee Company or Company or TSL") on 22 May 2009 and 10 July 2009 respectively. The Orders of the Hon'ble High Courts of Delhi and Rajasthan were duly filed with the respective Registrar of Companies and the Scheme of Amalgamation became effective on 10 September 2009.



Blossom owns the factory premises at Bhiwadi in Rajasthan which had been exclusively let out to Tecpro Systems Limited for carrying out manufacturing operations.

#### **Salient features of the Schemes**

The salient features of the scheme of amalgamation of Blossom with the Company are as follows:

- The Appointed Date in the Scheme for the amalgamation is 1 April 2008.
- On and from the Appointed Date, authorised share capital of the Transferor Company has been merged with those of the Transferee Company.
- The undertaking of the Transferor Company to vest in the Company subject to encumbrances, charges if any.
- All suits, claims, actions and proceedings by or against the transferor company pending and / or arising on or before the effective date shall be continued and be enforced by or against the transferee company as effectually as the same had been instituted by or pending against the Transferee Company.
- Upon the scheme becoming effective, any loan or other obligation due between or amongst the Transferor Company and the Transferee Company, if any, shall stand discharged and there shall be no liability in that behalf.

#### **Consideration**

Transferor Company was a wholly owned subsidiary of the Transferee Company. On the appointed date, the entire equity share capital of the Transferor Company was held by the Transferee Company. On amalgamation of the transferor company and the transferee company, the share capital of the Transferor Company will be extinguished since all the shares of the transferor company are held by the transferee company. Since, the transferor company is a wholly owned subsidiary of the transferee company, no shares will be issued by the transferee company to the shareholders of the transferor company as a result of amalgamation.

#### **Accounting treatment**

- The Company has accounted for the merger in its books as per the Pooling of Interest Method of Accounting prescribed under the Accounting Standard 14 – “Accounting for Amalgamation” in respect of both the schemes.
- All the assets and liabilities recorded in the books of the Blossom (referred to as transferor companies hereafter) have been transferred to and vested in Tecpro Systems Limited (the Company / the transferee company) pursuant to the Scheme and have been recorded by the Transferee Company at their book values as appearing in the books of the Transferor Companies.
- On and from the Appointed Date, the reserves and the balance in the Profit and Loss Account of the Transferor Companies have been merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Companies.
- The difference between the amount recorded as investments in the Transferee Company and the amount of share capital of Blossom, on amalgamation, is to be adjusted in the reserves in the books of the Transferee Company.

Computation of amount adjusted in General Reserves pursuant to the schemes of amalgamation

<b>Particulars</b>	<b>Amount in Rupees million</b>
Shareholding of Blossom as at 1 April 2008 held by TSL	4.0
Investments in TSL books as at 1 April 2008	127.20
Adjustment in General reserves	(123.20)



#### Computation of adjustment to profit and loss account pursuant to schemes of amalgamation

Particulars	Amount in Rupees million
<b>Adjustments in Profit and (Loss) Account pursuant to scheme of amalgamation</b>	
Balance in Profit and Loss account of Blossom as at 1 April 2008	2.21

- For purposes of this summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated, necessary adjustments arising out of the scheme of amalgamation of its wholly owned subsidiary BAPL with the Company have been made for the year ended 31 March 2009.

#### g. Contingent liabilities as at 31 March 2009

- Guarantees given by the Company on behalf of other Companies amounting to Rs. 3,550 million.
- Bills discounted (including cheques discounted) with recourse amounting to Rs. 158.38 million.
- Demand for additional price/ enhancement cost in respect of factory plots situated in Bawal Rs. 6.16 million
  - The factory plots belonging to the Company, situated at Bawal were allotted by the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.
  - The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/ enhancement cost amounting to Rs. 6.16 million in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 08 January 2008 and has obtained a stay order on 09 January 2008. The matter is pending adjudication. Pursuant to above, Rs. 6.16 million has been disclosed as 'Contingent liability'.
- Sales tax liability against pending "C" forms amounting to Rs. 257.65 million.
- Claims against the company not acknowledged as debt in respect of sales tax matters. The demand was raised on account of failure to furnish original statutory declaration forms amounting to Rs. 12.19 million.

#### h. Company has during the year acquired leasehold rights of industrial plot along with structures thereon situated at Bhiwadi Industrial Area, Rajasthan from a party vide sale deed dated 15 January 2009 for setting up casting unit.

### 5) Period ended 31 October 2009

#### a) Amalgamation of Tecpro Power Systems Limited and Tecpro Ashtech Limited with Tecpro Systems Limited

##### Background

The Hon'ble High Court of Bombay at Mumbai and the Hon'ble High Court of Delhi have approved the Scheme of Amalgamation of Tecpro Ashtech Limited (the First Transferor Company or TAL) and Tecpro Power Systems Limited (the Second Transferor Company or TPSL) with the Tecpro Systems Limited (the "Transferee Company" or "Company" or "TSL") vide their order dated 20 November 2009 and 4 March 2010 respectively. The First Transferor Company and the Second Transferor Company are hereinafter jointly referred to as "the Transferor Companies". The effective date of amalgamation, being the last of the dates on which the certified copies of the orders of the High Courts have been filed with the Registrar of Companies at Mumbai and Delhi, is 31 March 2010.

The First Transferor Company was engaged in the business of manufacture of ash handling equipments and undertakes turnkey projects for ash handling Systems. The Second Transferee Company was engaged in the business undertaking the Erection, Procurement and Construction contracts for setting up the power plants and also undertakes design and engineering services for power sector projects.

##### Salient features of the scheme

The salient features of the scheme of amalgamation of TAL and TPSL with the Company are as follows:



- The Appointed Date in the Second Scheme for the amalgamation is 1 April 2009.
- On and from the Appointed Date, authorised share capital of both the Transferor Companies have been merged and reclassified with those of the Transferee Company.
- With effect from the Appointed Date, the whole of the undertakings of both the Transferor Companies, shall pursuant to provisions of Sections 394(2) and other applicable provisions of the Act, without any further act, instrument or deed be transferred to and be vested in the Transferee Company as a going concern so as to become the undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.
- All suits, claims, actions and proceedings by or against the transferor company pending and / or arising on or before the effective date shall be continued and be enforced by or against the transferee company as effectually as the same had been instituted by or pending against the Transferee Company.

#### Consideration

Pursuant to the Scheme, the shareholders of Transferor Companies are entitled to the equity shares of the Transferee Company in the following ratio:

The shareholders of TAL:

- Equity shareholders - 100 Equity Shares of Rs.10 each of TSL, for every 299 equity shares of Rs.10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TAL, on the effective date.
- Preference shareholders - 16,570 Equity Shares of Rs.10 each of TSL for every 100 0.01% compulsorily convertible preference shares of Rs.100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TAL, on the effective date.

The shareholders of TPSL:

- Equity shareholders - 100 Equity Shares of Rs. 10 each of TSL for every 349 equity shares of Rs. 10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.
- Investments of TSL in TPSL appearing in the books of account of TSL will stand cancelled.
- Preference shareholders - 100 Equity Shares of Rs. 10 each of TSL, for every 280 0.01% compulsorily convertible cumulative preference shares of Rs. 100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.
- The equity shares of the Transferee Company to be issued to the members of each of the transferor companies shall be subject to the provisions of Articles of Association of the transferee company and shall rank parri-passu, in all respects with the existing equity shares of Transferee Company.

Equity shares issued pursuant to the schemes of amalgamation:

	TPSL		TAL		Total	
	Number of shares	Rupees	Number of shares	Rupees	Number of shares	Rupees
Nominal value of equity shares outstanding as on 1 April 2009 (Face value Rs. 10 each)	8,741,000	87,410,000	24,900,100	249,001,000	33,641,100	336,411,000
Issued during the year on 16 July 2009	13,700,000	137,000,000	-	-	13,700,000	137,000,000
Shareholding as on 31 October 2009	22,441,000	224,410,000	24,900,100	249,001,000	47,341,100	473,411,000
Shares held by TSL cancelled	10,200,000	102,000,000	-	-	10,200,000	102,000,000
Shares held by outsider as on 31 October 2009	12,241,000	122,410,000	24,900,100	249,001,000	37,141,100	371,411,000
<b>Equity shares issued</b>	<b>3,507,448</b>	<b>35,074,480</b>	<b>8,327,793</b>	<b>83,277,930</b>	<b>11,835,241</b>	<b>118,352,410</b>



<b>pursuant to the scheme of amalgamation(A)</b>							
Nominal value of compulsorily convertible preference shares outstanding as on 1 April 2009 and as on 31 October 2009 (Face value of Rs. 100 each)	1,999,900	199,990,000	24,000	2,400,000	2,023,900	202,390,000	
<b>Equity shares issued pursuant to the scheme of amalgamation(B)</b>	<b>714,250</b>	<b>7,142,500</b>	<b>3,976,800</b>	<b>39,768,000</b>	<b>4,691,050</b>	<b>46,910,500</b>	
<b>Total equity shares issued pursuant to the scheme of amalgamation (A+B)</b>	<b>4,221,698</b>	<b>42,216,980</b>	<b>12,304,593</b>	<b>123,045,930</b>	<b>16,526,291</b>	<b>165,262,910</b>	

#### Accounting treatment

The Company has accounted for the merger in its books as per the Pooling of Interest Method of Accounting prescribed under the Accounting Standard 14 – “Accounting for Amalgamation” in respect of both the schemes.

- All the assets and liabilities recorded in the books of the TAL, TPSL (collectively referred to as transferor companies hereafter) have been transferred to and vested in Tecpro Systems Limited (the Company / the transferee company) pursuant to the Scheme and have been recorded by the Transferee Company at their book values as appearing in the books of the Transferor Companies;
- On and from the Appointed Date, the reserves and the balance in the Profit and Loss Account of the Transferor Companies have been merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Companies.
- The difference between the share capital to be issued pursuant to the scheme of amalgamation and the amount of share capital of the transferor companies is to be adjusted in the reserves in the books of the Transferee Company.

#### Computation of amount adjusted in General Reserves pursuant to the schemes of amalgamation

Particulars	Amount in Rupees million
Nominal value of share capital (equity and preference) outstanding in the books of the Transferor Companies:	
TAL	251.40
TPSL (after elimination of Rs. 102,000,000 equity share capital held by TSL)	322.40
<b>Total (A)</b>	<b>573.80</b>
Nominal value of shares to be issued by the Company to the shareholders of the Transferor Companies	
TAL (123,045,930 equity shares of Rs. 10 each)	123.04
TPSL (4,221,698 equity shares of Rs. 10 each)	42.22
<b>Total (B)</b>	<b>165.26</b>
<b>Adjustment in General reserves (A-B)</b>	<b>408.54</b>

#### Computation of adjustment to profit and loss account pursuant to schemes of amalgamation

Particulars	Amount in Rupees million
Adjustments in Profit and (Loss) pursuant to scheme of amalgamation	
Balance in Profit and Loss account as at 1 April 2009	
TAL	(83.91)
TPSL	68.62
<b>Adjustment in Profit and (Loss) Account on account of amalgamation</b>	<b>(15.29)</b>



- b. The Company has invested Rs. 12.98 million towards equity share capital of Tecpro International FZE, a wholly owned subsidiary of the Company. The Company's equity shareholding in TEL is 100% (i.e. 2 shares) as at 31 October 2009.
- c. The Company during the current period has invested in the equity share capital amounting to Rs. 6.61 million in Tecpro Systems (Singapore) Pte. Ltd. (TSSPL). As at 31 October 2009, the shareholding of TSSPL is 824,000 shares which are wholly owned by the Company. Further, the Company has invested Rs. 5.49 million towards equity share capital of the subsidiary. The amount is pending allotment as at 31 October 2009.
- d. Income tax expense for the current period has been calculated in accordance with Accounting Standard 25 on "Interim Financial Reporting" prescribed by the Companies (Accounting Standard) Rules, 2006. The Income tax expense has been accrued by applying effective income tax rate ('the rate') to the profit before taxes for the seven months period ended 31 October 2009. The rate has been calculated from the estimated profit before taxes for the year ended 31 March 2010 and the estimated income tax expense thereon.
- e. Contingent liabilities as at 31 October 2009
1. Bills discounted (including cheques discounted) with recourse amounting to Rs. 153.17 million.
  2. Demand for additional price / enhancement cost in respect of factory plots situated in Bawal Rs. 6.16 million.
    - The Factory plots belonging to the Company, situated at Bawal were allotted by Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.
    - The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/enhancement cost amounting to Rs. 6.16 million in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 08 January 2008 and has obtained a stay order on 09 January 2008. The matter is pending adjudication. Pursuant to the above, Rs. 6.16 million has been disclosed as contingent liability.
  3. Sales tax liability against pending "C" and "E 1" forms amounting to Rs. 639.12 million.
  4. Claims against the company not acknowledged as debt in respect of sales tax matters amounting to Rs 57.01 million.
  5. The Company had executed a contract in respect of which debts amounting to Rs.56.63 million are outstanding as at the period end. The Company has made a provision of Rs. 37.40 million, as the management believes the same is doubtful of recovery. The balance Rs. 19.23 million are considered recoverable by the management since the Company has received performance guarantee certificates from the customer. Further, the Company has issued bank guarantees amounting to Rs. 47.7 million towards liquidated damages for the aforesaid contract. These bank guarantees were issued to recover amounts withheld by the customer including claims for rectification. The customer has not till date released or utilized any of the bank guarantees provided by the Company. Accordingly, management believes that there will be no claims on account of liquidated damages and hence has not provided for the same.
  6. Claims against the company not acknowledged as debt in respect of Labour matters amounting to Rs. 1.2 million.
  7. The erstwhile Tecpro Ashtech Limited (TAL) has received a show cause cum demand notice from "The Additional Commissioner of Central Excise (Adjudication Cell, Pune 1) for Rs 4.64 million for Service Tax pertaining to erection, commissioning and installation activities upto 31 May 2005. TAL has, based on legal advice, responded to the show cause notice stating that long term contracts entered into by TAL, which include the aforesaid activities, do not attract Service tax for the period prior to 1 June 2007. Thereafter TAL registered itself under works contracts services with effect from 1 June, 2007 and has provided for the liability.

A personal hearing in respect of the show cause notice was granted by "The Additional Commissioner of Central Excise (Adjudication Cell, Pune 1) whereby he confirmed the demand of Rs 4.64 million and further imposed a penalty of Rs. 4.64 million u/s 78 of Chapter V of Finance Act, 1994. TAL has, based on legal advice contested the order in appeal before the Commissioner (Appeals), Central Excise and Customs, Pune-1.
- f. The schedule of provisions as required to be disclosed in compliance with Accounting Standard 29, "Provisions, contingent Liabilities and Contingent Assets" is as under:





(Amount in Rupees million)					
Provision relating to	Opening balance as at 1 April 2009	Added on amalgamation	Created during the period	Write back during the period	Closing balance as at at 31 October 2009
Estimated losses on incomplete contracts	-	1.76	28.15	-	29.91

Provision for estimated losses on incomplete contracts relates to provision made for expected losses wherein, the total cost of the incompleting construction contract, based on the technical and other estimates, is expected to exceed the corresponding contract value. Accordingly, such excess is provided during the year/period.



## Annexure V

### Statement of cash flows, as restated

(Amounts in Rupees million)						
Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
<b>Cash Flow from Operating Activities</b>						
Profit/ (Loss) before tax	33.94	154.78	339.17	659.51	821.76	207.02
<b>Adjustments for:</b>						
Depreciation and amortization	1.63	7.45	12.31	22.98	31.80	35.74
Miscellaneous expenditure written off	-	-	-	-	-	0.53
Profit on sale of fixed assets	-	(0.72)	-	-	(0.06)	-
Loss on sale of fixed assets	-	-	0.11	0.16	0.10	0.28
Dividend income	-	(0.04)	(0.01)	(0.15)	(0.03)	(0.04)
Interest income	(0.85)	(2.37)	(10.11)	(21.53)	(50.94)	(76.98)
Financial expenses	7.22	16.50	35.13	44.31	130.78	318.49
Bad debts written off	4.01	1.31	5.55	30.11	67.08	18.80
Creditors balances written back	-	-	(0.57)	(0.01)	(2.65)	-
Provisions written back	-	-	-	-	-	(9.73)
Provision for estimated losses on contract in progress	-	-	-	-	-	28.15
Provision for bad and doubtful debts	-	1.57	-	-	-	14.58
Fixed assets written off	-	0.13	0.53	0.23	0.08	-
<b>Operating (loss)/ profit before changes in working capital</b>	<b>45.95</b>	<b>178.61</b>	<b>382.11</b>	<b>735.61</b>	<b>997.92</b>	<b>536.84</b>
<b>Adjustments for (Increase)/decrease in working capital</b>						
Sundry debtors	(29.42)	(215.32)	(565.01)	(1,315.13)	(1,634.42)	(412.71)
Loans and advances	(5.91)	(40.74)	(3.73)	(54.45)	(81.29)	(130.48)
Inventories	(27.76)	(56.55)	(137.74)	(90.36)	(464.19)	(640.70)
Other current assets	-	-	-	-	(307.65)	76.37
Current liabilities and provisions	132.63	149.77	557.69	1,002.69	2,243.97	230.26
<b>Net changes in working capital</b>	<b>115.49</b>	<b>15.77</b>	<b>233.32</b>	<b>278.36</b>	<b>754.34</b>	<b>(340.42)</b>
Direct taxes paid	(5.15)	(36.33)	(55.22)	(138.64)	(266.25)	(325.53)
Direct taxes refund	-	-	-	-	1.64	0.65
Fringe benefit tax paid	-	(1.41)	(2.33)	(4.34)	(5.26)	(0.49)
<b>Cash generated from/ (used in) operations (A)</b>	<b>110.34</b>	<b>(21.97)</b>	<b>175.77</b>	<b>135.38</b>	<b>484.47</b>	<b>(665.79)</b>
<b>Cash flow from investing activities</b>						
Sale of fixed assets	-	14.50	0.69	0.15	0.38	0.40
Purchase of fixed and intangible assets	(45.91)	(77.12)	(100.89)	(248.87)	(419.45)	(231.70)
Share application money pending allotment	-	-	-	(8.79)	(5.58)	(5.91)
Purchase of investments	(0.25)	(1.48)	(144.67)	(7.76)	(63.44)	(14.01)
Dividend received	-	0.03	0.01	0.08	0.03	0.04
Interest received	0.85	1.73	5.80	18.63	50.16	56.05
<b>Net cash (used in) /generated from investing activities (B)</b>	<b>(45.31)</b>	<b>(62.34)</b>	<b>(239.06)</b>	<b>(246.56)</b>	<b>(437.90)</b>	<b>(195.13)</b>



**Statement of cash flows, as restated (continued)**

**(Amounts in Rupees million)**

Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
<b>Cash flow from financing activities</b>						
Issue of equity share capital	-	11.47	5.17	13.88	10.00	90.27
Issue of preference share capital	-	150.00	-	-	-	-
Receipt of share application money pending allotment	-	0.81	4.00	-	-	-
Securities premium received on issue of equity share capital	-	0.00 *	96.47	319.32	230.00	-
Share issue expenses	-	-	-	(23.30)	-	-
Proceeds from borrowings	10.14	34.61	73.47	56.39	100.32	-
Repayment of long term borrowings	(48.99)	(29.95)	-	-	-	(17.97)
Increase in short term borrowings	-	68.46	31.17	12.86	425.46	1502.53
Proceeds from borrowings from directors	5.90	24.28	147.50	35.50	126.00	101.83
Repayment of borrowings from directors	(5.84)	(29.34)	(147.50)	(35.50)	(76.40)	(112.43)
Proceeds from borrowings from subsidiary	-	-	12.00	-	-	-
Repayment of borrowings from subsidiary	-	-	(12.00)	-	-	(2.48)
Loan given to other company	-	-	-	-	-	(167.48)
Proceeds from borrowings from other company	-	-	-	-	91.69	62.29
Repayment of borrowings from other company	-	-	-	-	(51.69)	55.79
Preference dividend paid	-	-	(0.00)#	-	-	(0.02)
Interim dividend paid	-	(19.83)	-	(63.02)	(186.88)	(138.49)
Dividend taxes paid	-	(2.78)	(0.00)#	(10.71)	(31.76)	(23.54)
Financial expenses paid	(7.21)	(16.28)	(35.30)	(44.24)	(128.47)	(314.96)
<b>Net cash (used in)/ generated from financing activities (C)</b>	<b>(46.00)</b>	<b>191.45</b>	<b>174.98</b>	<b>261.18</b>	<b>508.27</b>	<b>1,035.34</b>
<b>Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>19.03</b>	<b>107.14</b>	<b>111.69</b>	<b>150.00</b>	<b>554.84</b>	<b>174.42</b>
Cash and cash equivalents at the beginning of the year	<b>12.38</b>	<b>31.41</b>	<b>138.55</b>	<b>250.24</b>	<b>400.24</b>	<b>955.24</b>
Cash and cash equivalents acquired on amalgamation	-	-	-	-	0.16	352.22
<b>Cash and cash equivalents at the end of the year</b>	<b>31.41</b>	<b>138.55</b>	<b>250.24</b>	<b>400.24</b>	<b>955.24</b>	<b>1481.88</b>
Cash and cash equivalents at the year end comprise:						
Cash in hand	0.23	0.51	0.62	0.60	1.10	2.70
Balances with scheduled banks:						
- On current accounts	11.68	17.94	26.29	13.08	11.25	15.63
- In other accounts	19.50	120.10	223.33	386.56	942.89	1463.55
	<b>31.41</b>	<b>138.55</b>	<b>250.24</b>	<b>400.24</b>	<b>955.24</b>	<b>1,481.88</b>



**Statement of cash flows, as restated (continued)**

\* Securities premium is Rs. 2,700 and is shown as Nil due to rounding off.

# Preference dividend amounting to Rs. 4,452 and preference dividend tax amounting to Rs. 624 have been paid and are shown as Nil due to rounding off.

Note:

1. To be read together with summary of significant accounting policies (Annexure III) and Notes to summary statement of restated profit and loss and restated assets and liabilities (Annexure IV).
2. Figures have been regrouped to ensure consistency of presentation.



## Annexure VI

### Statement of dividends declared

The dividends declared by the Company during the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and period ended 31 October 2009 are presented below:

	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<u>Equity share capital</u>				
Number of shares of face value of Rs. 10 each	1,946,750	12,590,420	26,697,500	27,697,500
Rate of dividend (%) –	130	70	70	50
Amount of dividend – (in Rs. million)	19.83	63.02	186.88	138.49
Total Corporate Dividend Tax (in Rs. million)	2.78	10.71	31.76	23.54
<u>Cumulative Convertible Preference share capital (CCPS) (Refer Note 2 below)</u>				
Number of shares of face value of Rs. 100 each	1,499,970	-	-	-
Rate of dividend (%) –	0.01	-	-	-
Amount of dividend – (in Rs. million)	Note 2	-	-	-
Total Corporate Dividend Tax (in Rs. million)	Note 2	-	-	-

Note:

1. No dividends on equity share capital were declared for the years ended 31 March 2005 and seven months period ended 31 October 2009.
2. Preference dividend amounting to Rs. 4,452 and preference dividend tax amounting to Rs. 624 have been provided for and are shown as Nil due to rounding off.



## Annexure VII

### Statement of secured and unsecured loans

#### Unsecured loans, as restated

Source	(Amounts in Rupees million)					
	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
From promoters#	5.07	- *	-	-	49.60	39.00
From group companies ##	-	-	-	-	42.31	106.95
<b>Total</b>	<b>5.07</b>	<b>- *</b>	<b>-</b>	<b>-</b>	<b>91.91</b>	<b>145.95</b>

Note:

\* The unsecured loan from promoters as at 31 March 2006, amounting to Rs. 500 is shown as Nil due to rounding off.

# Unsecured loan from promoters are interest-free and are repayable on demand.

## Amount due to group companies is repayable on demand. Interest is payable @ 10% on amounts borrowed from one of the group companies and @ 14% on amounts borrowed from another group company.

#### Secured loans, as restated

Source	(Amounts in Rupees million)					
	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
1. Term loans from bank	-	0.10	68.46	119.28	215.70	191.55
2. Export packing credit from bank	-	28.62	37.61	58.87	60.96	60.73
3. Cash credit from bank	0.18	14.11	34.83	53.79	477.17	1,553
4. Short term loans (repayable within one year)	-	-	-	-	-	655.43
5. Overdraft from bank	-	25.90	27.36	-	-	-
6. Car loans from bank	1.80	6.04	7.04	8.54	10.23	7.40
7. Car loans from others	-	0.32	4.43	8.50	10.70	22.47
8. Interest accrued and due on term loan	-	0.20	-	-	-	-
<b>Total</b>	<b>1.98</b>	<b>75.29</b>	<b>179.73</b>	<b>248.98</b>	<b>774.76</b>	<b>2,490.59</b>

The terms and conditions of the loans outstanding as at 31 October 2009, including interest rates, principal terms of security and repayment / reschedule terms are given in the table below:

Item	Source	Interest Rate	Security	Repayment / Re-schedule terms
Term Loan	State Bank of India Rs. 191.55 million	13.50%	Secured by Company's new office at Chennai constructed by utilising the term loan and an equitable mortgage over the leasehold rights of the Company's land on which the new office is constructed.	Amount repayable in 81 monthly installments. The repayment was to be started from April 2008. <b>Reschedule</b> Repayable in 65 monthly instalments of Rs. 3.4 million



Item	Source	Interest Rate	Security	Repayment / Re-schedule ment terms each beginning from January 2009.
<b>Collateral security</b> a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over factory land and building at Bawal, Haryana and Bhiwadi, Rajasthan belonging to the Company. c) Secured by equitable mortgage over land on which new office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.				
Export packing credit from bank.	State Bank of India Rs. 60.73 million	9%	Secured against first charge on the current assets of the Company.	As per the agreement, the facility terminates on 6 October 2009. Facility has been revised vide revised sanction letter dated 23 November 2009.
<b>Collateral security</b> a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over factory land and building at Bawal, Haryana and Bhiwadi, Rajasthan belonging to the Company. c) Secured by equitable mortgage over land on which new office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.				
<b>Working Capital Facility (including cash credit limit and short term loans)</b>				
Cash credit	State Bank of India Rs. 701.99 million	12.50%	Secured against first charge on the current assets of the Company.	As per the agreement, the facility terminates on 6 October 2009. Facility has been revised vide revised sanction letter dated 23 November 2009.
<b>Collateral security</b> a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over factory land and building at Bawal, Haryana and Bhiwadi,				





Item	Source	Interest Rate	Security	Repayment / Re-schedulement terms
Cash credit	State Bank of India Rs. 52.50 million	14.50%	<p>Rajasthan belonging to the Company. c) Secured by equitable mortgage over land on which new office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.</p> <p>Hypothecation by way of first charge on all the Company's stock raw materials, stock in process, chemicals, consumables, stores and finished goods and current assets of the Company.</p> <p><b>Collateral security</b> a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over the property at Bhiwadi, Rajasthan belonging to the Company.</p>	
Cash credit	State Bank of India Rs. 223.83 million	14.25%	<p>Hypothecation of current assets of the Company</p> <p><b>Collateral security</b> a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Pledge of certain shares by certain directors of the Company. c) Corporate guarantee given by Fusion Fittings (I) Limited.</p>	
Short term loan	Punjab National Bank Rs. 252.77 million	13%	Hypothecation of entire current assets of the Company both present and future on residual charge basis, subject to prior charge of State Bank of India, including entire stock, book debts arising out of genuine credit transaction, loans and advances etc.	As per the agreement, the facility will be for a period of six months (date of sanction 2 May 2009).
Cash credit	Standard Chartered Bank Rs. Nil	10.25 % (at the rate as negotiated with and agreed by bank)	<p>Hypothecation of (i) All present and future book debts, outstanding monies receivable, claims and bills. (ii) All present and future stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise whatsoever, being movable properties.</p> <p><b>Collateral security:</b> All present and future movable</p>	As per the agreement, the facility terminates on 30 June 2010.



Item	Source	Interest Rate	Security	Repayment / Re-schedulement terms
Cash credit	Central Bank of India Rs. 324.55 million	12% (BPLR plus 1.00% p.a.)	properties of the Borrower including without limitation its movable plant and machinery, furniture and fittings, equipment, computers hardware, computer software, machinery spares, tools and accessories and other movables  Hypothecation of : (i) All tangible movable properties, namely, inventory consisting of steel plates, bearings, conveyor belts, structural items, roller conveyors, slider bed conveyors and systems, pipe conveyors, belt feeders, slate chain, conveyors, apron feeders, bucket elevators, coal handling plants, biomass handling plants, coal storage and reclaiming plants, aggregate process plant for minerals, roll coal storage and reclaiming plants, aggregate process plant for minerals, roll crushers, hammer crushers, impactors, hammers mills etc., circular motion and linear motion vibrating screens, flip flow screens, vibratory feeders, reciprocatory feeders, idlers, pulleys etc. and all other goods of the borrowers. (ii) All the present and future book debts, outstanding moneys, receivables, claims, bills, contracts, securities, investments, rights and assets (except property effectively otherwise hypothecated or charged to the Bank) by way of first charge as security.	As per agreement, the limits valid for a period of one year (date of sanction 27 May 2009)
Cash credit	IDBI Bank Limited Rs. 103.72 million	13.50%	(i) First Charge on Pari Passu basis on the borrowers entire stocks of raw material, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables, (ii) First Charge on Pari Passu basis on the borrowers all movable assets including movable machinery, machinery spares, tools and accessories.	Repayable on demand
Cash credit / Short term loan	Yes Bank Limited Rs. 0.33 million / 50.42 million	12.5% (Prime Lending rate minus 4%)	(i) First Pari Passu charge on Current Assets including stocks of raw material, semi-finished and finished goods, stores and spares and Bills receivables and book debts (both present and future). (ii) First Pari Passu charge on movable Fixed Assets including plant and machinery located anywhere in India (both present and future).	Repayable on demand
Cash credit	Kotak Mahindra Bank	12% (Prime	The whole of the current assets, both	Repayable on demand



Item	Source	Interest Rate	Security	Repayment / Re-schedulement terms
	Limited Rs. 100.20 million	Lending rate minus 3.75%)	present and future including: (i) Book debts receivables, outstanding moneys, claims, demands, bills, contracts, engagements and securities. (ii) Stocks of raw materials, finished and semi finished goods, goods in process and consumable stores. (iii) Related movables in the course of transit or delivery and all documents of title including bills of lading, shipping documents, policies of insurance and other instruments and documents relating to such movables together with benefits of all rights thereto.	
Cash credit / Short term loan	DBS Bank Limited Rs. 45.88 million / 201.57 million	10.96%	Hypothecation by way of first parri passu charge on all the current assets (both present and future) and first parri passu charge by hypothecation of all movable fixed assets (both present and future)	Repayable on demand
Short term loan	Barclays Bank PLC Rs. 150.67 million	9%	First ranking pari passu charge on all the movable properties, present & future, including without limitation its movable plant and machinery, machinery spares, tools and on all accessories, stocks of raw materials, semi finished and finished goods, outstandings, receivables, investments, deposits, book debts, monies receivables, claims, bills and consumable stores and other movables excluding assets specifically charged to other lenders (i.e. except "Tecpro Towers", Siruseri, Chennai)	Repayable on demand
Car loans from bank	Rs. 7.40 million	6.54% to 16.50%	Secured against respective vehicles	Amount payable within one year from the Balance Sheet date Rs. 7.01 million. Amount payable between one year to three years Rs. 0.39 million.
Car loans from others	Rs. 22.47 million	9.31% to 14.02%	Secured against respective vehicles	Amount payable within one year from the Balance Sheet date Rs. 11.13 million. Amount payable between one year to three years Rs. 11.34 million.

**Notes:**

1. The above loans except car loans, are also guaranteed by certain directors either by themselves and / or together with a relative of a director.
2. Prepayment terms for term loans: Prepayment penalty will be recovered at 2% p.a. on the loan amount prepaid computed for the unexpired period of the loan, in case of take over of the loan in the present form by other banks / financial institutions.



3. Penal interest: The bank shall be entitled to charge at its discretion enhanced rates of interest on the amounts outstanding or portion thereof, for any irregularity including non observance of terms and conditions. The Company shall be liable to pay 2% penal interest in the event of default of payment of interest or installment for the period of such default.



## Annexure VIII

### Statement of other income, as restated

(Amounts in Rupees million)		
Particulars	Seven months ended 31 October 2009	Related /Not related to Business activity
<b>Recurring</b>		
Interest received on fixed deposit	64.74	Related
Interest Received From others	12.24	Not related
Sales of scrap	6.41	Related
<b>Non recurring</b>		
Dividend on shares	0.04	Not Related
Miscellaneous income	1.22	Related
Duty drawback	1.94	Related
Provisions no longer required, written back	9.73	Related
<b>Total</b>	<b>96.32</b>	

#### Notes:

1. The classification of income as recurring / non recurring and related / not related to business activity is based on the current operations and business activity of the Company as determined by the management.
2. Details of 'Other Income' for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 have not been given as it does not exceed 20% of the net profit before tax for these years, as per the summary statement of profit and loss, as restated.



## Annexure IX

### Statement of accounting ratios

	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Seven months ended 31 October 2009
Net Profit before extraordinary items but after adjusted tax (Rs. millions ) (A)	19.36	97.15	209.45	410.47	511.73	136.44
Net worth at the end of the year/period (Rs. Millions ) (B)	32.12	268.13	505.49	1,012.03	1,515.84	2,647.25
Net worth excluding preference share capital at the end of the year/period (Rs. millions) (C)	32.12	118.13	505.49	1,012.03	1,515.84	2,647.25
Weighted average number of equity shares outstanding during the year/period (D) (Refer note 7 and 8 below)	8,000,500	15,276,710	23,113,562	25,743,494	26,870,103	42,942,585
Weighted average number of equity shares and dilutive potential equity shares outstanding during the year/period (F) (Refer note 7 and 8 below)	8,000,500	18,152,732	24,523,092	25,773,813	27,220,423	43,036,376
Total number of equity shares outstanding at the end of the year/period (E) (Refer note 9 below)	800,050	1,946,750	12,590,420	26,697,500	27,697,500	44,223,791
Earnings per equity share (Rs.)						
- Basic (A/D)	2.42	6.36	9.06	15.94	19.04	3.18
- Diluted (A/F)	2.42	5.35	8.54	15.93	18.80	3.17
Return on Net Worth (%) (A/B)	60.27	36.23	41.44	40.56	33.76	5.15
Net asset value per share (Rs.) (C/E)	40.14	60.68	40.15	37.91	54.73	59.86



### Statement of accounting ratios (continued)

Notes:

1. The ratios have been computed as follows:

$$\text{Earnings per share} = \frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period}}$$

$$\text{Return on net worth} = \frac{\text{Net profit after adjusted tax}}{\text{Net worth as at the end of the year/period}} \times 100$$

$$\text{Net asset value per equity share} = \frac{\text{Net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year/period}}$$

2. Restated net profit, as appearing in the summary statement of profits and losses, as restated and net worth as appearing in the statement of assets and liabilities, as restated, has been considered for the purpose of computing the above ratios.
3. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" prescribed by the Companies (Accounting Standards) Rules, 2006.
4. For the purpose of computing Return on Net Worth, preference share capital has been included and share application money has not been included for calculating Net Worth.
5. For the purpose of calculating basic earnings per share for the year ended 31 March 2006, preference dividend of Rs. 4,452 and dividend tax of Rs. 624 have been reduced from the profits.
6. For the purpose of calculating Net Assets Value, preference share capital and share application money has not been included for calculating the Net Worth.
7. For the purpose of computing weighted average number of equity shares outstanding during the respective years and weighted average number of dilutive potential equity shares outstanding during the respective years, the impact of bonus shares issued aggregating 9,739,000 during the year ended 31 March 2007 and 12,698,750 during the year ended 31 March 2008 have been considered in all the respective years presented above. These bonus shares have been issued by utilising the securities premium account.
8. For the purpose of computing weighted average number of equity shares outstanding during the seven months period ended 31 October 2009 and weighted average number of dilutive potential equity shares outstanding during the period 31 October 2009, the impact of 16,526,291 equity shares issued on 31 March 2010 pursuant to the scheme of amalgamation has been considered. Refer point no. 5(a) of note 4 of annexure IV.
9. Total number of equity shares outstanding as at 31 October 2009 includes 16,526,291 equity shares issued on 31 March 2010 pursuant to the scheme of amalgamation. Also refer point No. 5(a) of note 4 of annexure IV.





## Annexure X

### Capitalisation statement as at 31 October 2009, as restated

(Amounts in Rupees million)

Particulars	Pre-issue	Post-issue
<b>Borrowings</b>		
Short term debts	2,474.06	
Long term debts	162.48	
<b>Total debts</b>	<b>2,636.54</b>	
<b>Shareholders' funds</b>		
Share capital	276.98	
Equity Shares issued pursuant to the scheme of amalgamation (refer point no. 5a) of note 6 of Annexure IV)	165.26	
Reserves		
- General reserve	628.53	
- Capital reserve	38.86	
- Securities premium	981.54	
- Profit and Loss Account	556.08	
<b>Total shareholders' funds</b>	<b>2,647.25</b>	
Long term debt / equity ratio	0.06:1	

#### Notes:

- Term loans and car loans repayable within the next one year from 31 October 2009 are considered as short-term debts. Export packing credit, cash credit and other short term loans from banks are considered as short term debts.
- Long term debt represents debt other than short term debt, as defined above.
- The post-issue debt equity ratio will be computed on the conclusion of book building process.
- The figures computed above are as per the statements of assets and liabilities and profits and losses, as restated.
- Revaluation reserve of Rs. 72.50 million has not been included in shareholder's funds.
- Long term debt / equity ratio

$$\frac{\text{Long term debt}}{\text{Total shareholder's funds}}$$



## Annexure XI

### Statement of tax shelters, as restated

(Amount in Rupees million, except for tax rates)

Particulars	For the year ended 31 March 2005	For the year ended 31 March 2006	For the year ended 31 March 2007	For the year ended 31 March 2008	For the year ended 31 March 2009
Profit / loss before current and deferred taxes, as restated (A)	33.94	154.78	339.17	659.51	821.76
Tax Rate - Normal (B)	36.59%	33.66%	33.66%	33.99%	33.99%
Tax expense at applicable tax rate on restated profits (D) = (A) * (B)	12.42	52.10	114.17	224.17	279.31
<b>Permanent Differences</b>					
Export profits	-	-	-	-	-
Preliminary expenses written off	0.14	-	-	-	-
Exempt dividend income	-	(0.04)	(0.01)	(0.15)	(0.03)
Interest on delay in deposit of tax deducted at source	-	0.04	0.06	0.10	-
Charity and donation	0.04	0.11	0.29	2.42	1.48
Fines and penalties	0.01	0.01	-	0.06	0.40
Wealth tax	-	0.01	0.02	0.17	0.26
Expenses for proposed public issue	-	-	5.60	-	3.55
Increase of authorised share capital	-	-	0.20	1.00	-
<b>Total (F)</b>	<b>0.19</b>	<b>0.13</b>	<b>6.15</b>	<b>3.61</b>	<b>5.66</b>
<b>Temporary Differences</b>					
Difference between tax depreciation and book depreciation	(1.54)	(8.41)	(8.02)	(9.39)	(5.46)
Assets written off	-	0.13	0.53	0.23	0.08
Provision for leave encashment	0.40	0.55	2.77	3.86	6.57
Provision for gratuity	0.29	0.69	1.74	2.71	1.62
(Profit)/ Loss on sale of assets	-	(0.72)	0.11	0.16	0.10
Provision for doubtful debts	-	1.57	(1.57)	-	-
<b>Total (G)</b>	<b>(0.85)</b>	<b>(6.19)</b>	<b>(4.45)</b>	<b>(2.43)</b>	<b>2.91</b>
Net Adjustments (H) = (F) + (G)	(0.67)	(6.06)	1.70	1.17	8.57
Tax expenses/(savings) thereon (I) = (H) * (B)	(0.24)	(2.04)	0.57	0.40	2.92
<b>Net impact (J) = (D) + (I)</b>	<b>12.17</b>	<b>50.06</b>	<b>114.74</b>	<b>224.57</b>	<b>282.23</b>
Interest on tax payments	1.74	3.75	10.40	18.27	24.21
<b>Tax provision - Current tax (restated)</b>	<b>13.92</b>	<b>53.81</b>	<b>125.14</b>	<b>242.84</b>	<b>306.44</b>

Note: The disclosure under the tax shelter statement for the seven months period ended 31 October 2009 has not been given. Refer point No. 5) d) of note 4 of Annexure IV.



## Annexure XII

### Break up of ageing schedule of sundry debtors, as restated

	(Amounts in Rupees million)					
	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<i>Unsecured and considered good</i>						
Debts outstanding for a period						
- exceeding six months	18.88	77.50	111.10	295.35	1,081.99	2,551.16
- less than six months	100.81	254.63	780.5	1,881.27	2,661.95	3,228.62
<i>Considered doubtful</i>						
- debts outstanding for a period exceeding six months	-	1.57	-	-	-	70.89
-other debts	-	-	-	-	-	4.10
	<b>119.69</b>	<b>333.70</b>	<b>891.60</b>	<b>2,176.62</b>	<b>3,743.95</b>	<b>5,854.77</b>
Less: Provision for doubtful debts	-	1.57	-	-	-	74.99
	<b>119.69</b>	<b>332.13</b>	<b>891.60</b>	<b>2,176.62</b>	<b>3,743.95</b>	<b>5,779.78</b>

Notes:

I. Balances due from promoter / promoter group / promoter group companies as at 31 October 2009 include:

1. Amount due from Hythro Power Corporation Limited Rs. 0.87 million.

II. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2009 include:

1. Amount due from Tecpro Power Systems Limited Rs. 7.61 million.



## Annexure XII

## Break up of loans and advances, as restated

	(Amounts in Rupees million)					
	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<i>Unsecured and considered good</i>						
Advances recoverable in cash or in kind or for value to be received	10.18	42.52	37.12	58.08	117.46	336.10
Advance/loans to subsidiary	-	-	3.77	15.10	17.36	19.84
Advance / loans to other company	-	-	0.20	0.33	-	171.68
Security deposits	1.43	4.68	8.35	17.14	17.35	31.20
Share application money pending allotment	-	1.04	1.50	8.79	5.56	5.91
Advance fringe benefit tax	-	-	-	-	-	0.2
Balances with Government authorities	0.33	4.43	5.46	18.71	34.71	88.45
<i>Unsecured and considered doubtful</i>						
Security deposits						2.25
Balances with Government authorities						5.48
	<b>11.94</b>	<b>52.67</b>	<b>56.40</b>	<b>118.15</b>	<b>192.46</b>	<b>661.11</b>
Less: Provision for doubtful advances	-	-	-	-	-	7.73
	<b>11.94</b>	<b>52.67</b>	<b>56.40</b>	<b>118.15</b>	<b>192.46</b>	<b>653.38</b>

Notes:

## I. Balances due from promoter / promoter groups / promoter group companies as at 31 October 2009 include:

1. Amount due from directors of the Company Rs. 0.96 million.
2. Amount due from relatives of directors of the Company Rs. 0.29 million.
3. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-
  - a. Rs. 169.86 million from Tecpro Engineers Private Limited.
  - b. Rs. 13.61 million from Ajmer Waste Processing Company Private Limited
  - c. Rs. 4.92 million from Bikaner Waste Processing Company Private Limited
  - d. Rs. 1.44 million from Tecpro Infrastructures Private Limited
  - e. Rs. 1.31 million from Tecpro Trema Limited
  - f. Rs. 0.38 million from Tecpro Stones Private Limited
4. Share application money pending allotment amounts to Rs. 5.49 million in Tecpro Systems (Singapore) Pte. Ltd. and Rs. 0.42 million in Bikaner Waste Processing Company Private Limited. Both Companies are forming part of the promoter group as defined in the SEBI regulations.

## II. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2009 include:

1. Amount due from directors of the Company Rs.0.02 million.
2. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-
  - a. Rs. 11.55 million from Ajmer Waste Processing Company Private Limited
  - b. Rs. 4.59 million from Bikaner Waste Processing Company Private Limited
  - c. Rs. 1.22 million from Tecpro Trema Limited



3. Share application money pending allotment amounts to Rs. 4.58 million in Tecpro International FZE and Rs. 0.98 million in Tecpro Systems (Singapore) Pte. Ltd. Both companies are forming part of the promoter group as defined in the SEBI regulations.

III. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2008 include:

1. Amount due from directors of the Company Rs. 0.17 million.
2. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-
  - a. Rs. 0.33 million from Tecpro Stones Private Limited.
  - b. Rs. 7.40 million from Ajmer Waste Processing Company Private Limited.
  - c. Rs. 3.93 million from Bikaner Waste Processing Company Private Limited.
  - d. Rs. 3.77 million from Blossom Automotive Private Limited.

IV. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2007 include:

1. Amount due from directors of the Company Rs. 0.14 million.
2. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-
  - a. Rs. 1,008 from Tecpro Energy Limited (formerly Tecpro Energy Private Limited).
  - b. Rs. 0.20 million from Tecpro Stones Private Limited.
  - c. Rs. 3.77 million from Blossom Automotive Private Limited.
3. Share application money pending allotment amounts to Rs. 1.50 million in Tecpro Energy Limited ("TEL"), TEL is forming part of the promoter group as defined in the SEBI regulations.

V. Balances due from promoter / promoter groups as at 31 March 2006 include:

1. Amount due from directors of the Company Rs. 0.1 million.
2. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-
  - a. Rs. 1,008 from Tecpro Energy Limited (formerly Tecpro Energy Private Limited).
  - b. Rs. 650 from Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited).
3. Share application money pending allotment amounts to Rs. 1.04 million in Tecpro Power Systems Limited ("TPSL"), TPSL was forming part of the promoter group as defined in the SEBI regulations as at 31 March 2006.

VI. No amounts were due from promoter / promoter group / promoter group companies as at 31 March 2005 .



# Annexure XIII

## Statement of aggregate book value and market value of investments, as restated

	(Amounts in Rupees million)					
	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>Mutual funds</b>						
Principal Growth Fund*	0.25	0.25	0.25	0.31	0.31	0.31
14,355.55 units of face value Rs. 10 each						
Principal Large Cap Fund	-	0.20	0.20	0.20	0.20	0.20
19,559.90 units of face value Rs. 10 each						
Principal Dividend Yield Fund	-	0.06	0.06	0.07	0.07	0.07
5,287.68 units of face value Rs. 10 each including dividend reinvestment						
Principal Personal Tax Saver Fund	-	0.07	0.07	0.07	0.07	0.07
470.06 units of face value Rs. 100 each						
Principal Emerging Blue Chip Fund**	-	0.25	0.25	0.25	0.25	0.25
19,361.16 units of face value Rs. 10 each						
Principal Monthly Income Plan	0.10	0.10	0.10	0.10	0.10	0.10
9,884.45 units of face value Rs. 10 each						
<b>Equity Stock – Quoted</b>						
Vijaya Bank Shares	0.01	0.01	0.01	0.01	0.01	0.01
600 equity shares of Rs. 10 each fully paid up						
<b>Government Securities – Unquoted</b>						
National Saving Certificates ***	-	-	-	-	-	0.02
<b>Equity Stock – Unquoted</b>						
Subsidiaries						
- Tecpro Energy Limited	-	0.90	0.90	2.40	6.45	6.45
645,000 equity shares as at 31 Oct 2009 and 31 March 2009, 240,000 equity shares as at 31 March 2008 and 90,000 equity shares as at 31 March 2006 and 31 March 2007 (All shares of Rs. 10 each fully paid up)						
- Tecpro Power Systems Limited	-	-	4.77	4.77	55.27	-
5,527,200 equity shares as at 31 March 2009 and 477,200 equity shares as at 31 March 2007 and 31 March 2008 (All shares of Rs. 10 each fully paid up)						
- Tecpro International FZE	-	-	12.70	12.70	12.70	25.68
2 equity shares of AED 1,000,000 each fully paid up as at 31 Oct 2009 and 1 of AED 1,000,000 each fully paid up equity shares as at 31 March 2007, 31 March 2008 and 31 March 2009.						
- Blossom Automotive Private Limited	-	-	127.20	127.20	-	-
400,000 equity shares of Rs.10 each fully paid up						



	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
- Ajmer Waste Processing Company Private Limited	-	-	-	0.49	0.49	0.49
49,000 equity shares of Rs. 10 each fully paid up						
-Tecpro Trema Private Limited	-	-	-	6.11	6.11	6.11
76,500 equity shares of Rs. 10 each fully paid up						
-Tecpro Systems (Singapore) Pte. Limited	-	-	-	1.07	18.55	25.15
824,000 equity shares (1 Singapore dollar each fully paid up) as at 31 October 2009, 626,000 (1 Singapore dollar each fully paid up) equity shares as at 31 March 2009 and 40,000 (1 Singapore dollar each fully paid up) as at 31 March 2008.						
-Bikaner Waste Processing Company Private Limited	-	-	-	0.10	0.30	0.30
30,000 equity shares as at 31 October 2009 and 31 March 2009 and 10,000 equity shares as at 31 March 2008.(All shares of Rs. 10 each fully paid up)						
<b>Total</b>	<b>0.36</b>	<b>1.84</b>	<b>146.51</b>	<b>155.85</b>	<b>100.88</b>	<b>65.21</b>
Aggregate book value and market value of quoted investments and book value of unquoted investments:						
<i><b>Mutual funds</b></i>						
- Aggregate book value	0.35	0.92	0.93	1.00	1.00	1.00
- Aggregate net asset value	0.33	1.22	1.26	1.33	0.81	1.41
<i><b>Equity Stock – Quoted</b></i>						
- Aggregate book value	0.01	0.01	0.01	0.01	0.01	0.01
- Aggregate market value	0.04	0.03	0.03	0.03	0.01	0.03
<i><b>Equity Stock – Unquoted</b></i>						
- Aggregate book value	-	0.9	145.57	154.83	99.86	64.18
<i><b>National Savings Certificates – Unquoted</b></i>						
- Aggregate book value	-	-	-	-	-	0.02***

\* During the years ended 31 March 2005, 31 March 2006 and 31 March 2007 years it was known as “Principal Focused Advantage Fund”. The number of units as at 31 March 2005, 31 March 2006 and 31 March 2007 were 23,960.90.

\*\* During the years ended 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008 it was known as “Principal Junior Cap Fund”. The number of units as at 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008 were 25,000.

\*\*\* Pledged as security deposit with Sales tax Authorities.





## Annexure XIV

### Statement of related party disclosures, as restated

#### a. Related parties

##### (i) For the seven months period ended 31 October 2009

##### a) Related party and nature of relationship where control exists.

Subsidiaries	Tecpro Energy Limited Tecpro International FZE Tecpro Trema Limited Ajmer Waste Processing Company Private Limited Tecpro Systems (Singapore) Pte. Ltd. Bikaner Waste Processing Company Private Limited
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi

##### Related party and nature of the related party relationship with whom transactions have taken place during the period

Subsidiaries	Tecpro Trema Limited Ajmer Waste Processing Company Private Limited Tecpro International FZE Tecpro Systems (Singapore) Pte. Ltd. Bikaner Waste Processing Company Private Limited Tecpro Energy Limited
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi
Relatives of key management personnel	Bhagwanti Gabrani Manju Bishnoi Rashmi Singh Aditya Gabrani Amita Bishnoi
Enterprises over which key management personnel exercise significant influence	Tecpro Energy Limited* Tecpro Trema Limited * Tecpro International FZE* Tecpro Systems (Singapore) Pte. Ltd.* Vasundhara Technologies India Private Limited Tecpro Engineers Private Limited



**Statement of related party disclosures, as restated (continued)**

	Tecpro Paints Private Limited
	Hythro Power Corporation Limited
	Tecpro Stones Private Limited
	Tecpro Infrastructures Private Limited
	Fusion Fittings (I) Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercises significant influence.( including relatives of such individuals)	Achal Ghai
Enterprises over which such individuals exercise significant Influence	Avigo Venture Investments Limited

\* Transactions with these enterprises have been disclosed under subsidiaries

**(ii) For the year ended 31 March 2009**

**a) Related party and nature of relationship where control exists.**

Subsidiaries	Tecpro Energy Limited Tecpro International FZE Tecpro Power Systems Limited Tecpro Trema Limited (formerly Tecpro Trema Private Limited) Ajmer Waste Processing Company Private Limited Tecpro Systems (Singapore) Pte. Ltd. Bikaner Waste Processing Company Private Limited
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi
Subsidiary	Tecpro Energy Limited Tecpro Power Systems Limited Tecpro Trema Limited (formerly Tecpro Trema Private Limited) Ajmer Waste Processing Company Private Limited Tecpro International FZE Tecpro Systems (Singapore) Pte. Ltd. Bikaner Waste Processing Company Private Limited
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi



Relatives of key management personnel	Bhagwanti Gabrani Amita Bishnoi Manju Bishnoi Rashmi Singh Aditya Gabrani
Enterprises over which key management personnel exercise significant influence	Tecpro Stones Private Limited Tecpro Energy Limited* Tecpro Power Systems Limited* Tecpro Trema Limited (formerly Tecpro Trema Private Limited)* Tecpro International FZE* Tecpro Systems (Singapore) Pte. Ltd.* Vasundhara Technologies India Private Limited Tecpro Engineers Private Limited Tecpro Paints Private Limited Tecpro Ashtech Limited Hythro Power Corporation Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercises significant influence.( including relatives of such individuals)	Achal Ghai Sonia Ghai
Enterprises over which such individuals exercise significant influence	Avigo Venture Investments Limited

\* Transactions with these enterprises have been disclosed under subsidiaries

**(iii) For the year ended 31 March 2008**

**(a) Related party and nature of relationship where control exists.**

Subsidiaries	Tecpro Energy Limited (formerly Tecpro Energy Private Limited) Blossom Automotive Private Limited Tecpro International FZE Tecpro Power System Limited (formerly Tecpro Power Systems Private Limited) Tecpro Trema Private Limited (formerly Trema RJA Processes Private Limited) Ajmer Waste Processing Company Private Limited Tecpro Systems (Singapore) PTE Limited Bikaner Waste Processing Company Private Limited
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi



**Related party and nature of the related party relationship with whom transactions have taken place during the period**

Subsidiaries	Tecpro Energy Limited (formerly Tecpro Energy Private Limited) Blossom Automotive Private Limited Tecpro Power System Limited (formerly Tecpro Power Systems Private Limited) Tecpro Trema Private Limited (formerly Trema RJA Processes Private Limited) Ajmer Waste Processing Company Private Limited Tecpro International FZE Tecpro Systems (Singapore) PTE Limited Bikaner Waste Processing Company Private Limited
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi
Relatives of Key Management Personnel	Bhagwanti Gabrani Amita Bishnoi Manju Bishnoi Rashmi Singh Aditya Gabrani
Enterprises over which key management personnel exercise significant influence	Tecpro Stones Private Limited Tecpro Energy Limited (formerly Tecpro Energy Private Limited)* Tecpro Power System Limited (formerly Tecpro Power Systems Private Limited)* Tecpro Trema Private Limited (formerly Trema RJA Processes Private Limited)* Tecpro International FZE* Tecpro Systems (Singapore) PTE Limited*
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercises significant influence.( including relatives of such individuals)	Achal Ghai Anirudh Ghai Sonia Ghai
Enterprises over which such individuals exercise significant influence	Avigo Venture Investment Limited

\* Transactions with these enterprises have been disclosed under subsidiaries

**(iv) For the year ended 31 March 2007**

Subsidiaries	Tecpro Energy Limited (formerly Tecpro Energy Private Limited) Blossom Automotive Private Limited Tecpro International FZE Tecpro Power System Limited (formerly Tecpro Power
--------------	--



	Systems Private Limited)
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi Goldie Gabrani

**Related party and nature of the related party relationship with whom transactions have taken place during the year**

Subsidiaries	Tecpro Energy Limited (formerly Tecpro Energy Private Limited) Blossom Automotive Private Limited Tecpro International FZE Tecpro Power System Limited (formerly Tecpro Power Systems Private Limited)
Key management personnel (including relatives)	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi Goldie Gabrani
Relative of key management personnel	Manju Bishnoi Menaka Bishnoi
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Engineers Private Limited Tecpro Stones Private Limited Tecpro Energy Limited (formerly Tecpro Energy Private Limited) * Blossom Automotive Private Limited * Tecpro International FZE * Tecpro Power System Limited (formerly Tecpro Power Systems Private Limited) *
Individuals owning directly or indirectly, an interest in voting power and significant influence over the enterprise.	Achal Ghai

\* Transactions with these enterprises have been disclosed under subsidiaries.

**(v) For the year ended 31 March 2006**

**Related party and nature of relationship where control exists**

Subsidiaries	Tecpro Manufacturing Private Limited (Name change to Tecpro Energy Private Limited during the year ended 31 March 2007)
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani



Arvind Kumar Bishnoi

**Related party and nature of the related party relationship with whom transactions have taken place during the year**

Subsidiaries	Tecpro Manufacturing Private Limited (Name change to Tecpro Energy Private Limited during the year ended 31 March 2007)
Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani Arvind Kumar Bishnoi
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Engineers Private Limited Tecpro Power System Private Limited Tecpro Manufacturing Private Limited*

\* Transactions with these enterprises have been disclosed under subsidiaries.

**(vi) For the year ended 31 March 2005**

**Related party and nature of relationship where control exists**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited

**Related party and nature of the related party relationship with whom transactions have taken place during the year**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited



# **Statement of related party disclosures, as restated (continued)**

b(1). Transactions with related parties during the financial year ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009

(Amount in Rupees million)																	
	Subsidiaries				Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)				
	2005	Year ended 31 March			2005	Year ended 31 March			2005	Year ended 31 March			2005	Year ended 31 March			
		2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Purchases	-	-	-	22.93	-	-	-	-	-	-	-	-	16.55	-	-	-	-
Sales	-	-	-	32.48	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	14.50	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	0.78	-	-	-	-
Remuneration	-	-	-	-	4.31	14.38	35.15	71.35	90.68	-	-	-	-	-	-	-	-
Bonus Shares issued during the year	-	-	-	-	-	-	76.05	90.11	-	-	-	-	-	-	5.21	8.90	-
Dividend on equity shares	-	-	-	-	-	19.83	46.12	126.19	90.14	-	-	-	-	-	3.27	20.78	19.32
Services received	-	-	-	-	-	-	-	-	-	0.85	1.98	-	-	-	-	-	-
Rent expenses	-	1.50	3.60	-	-	0.64	2.98	5.45	6.21	-	-	-	-	-	-	-	-
Interest expense on loan taken	-	-	0.51	-	-	-	1.51	-	-	-	-	-	-	-	-	-	-
Sales commission expenses	-	-	-	14.27	2.85	-	-	-	-	-	-	-	-	-	-	-	-





	Subsidiaries				Key management personnel (including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	Year ended 31 March				Year ended 31 March				Year ended 31 March				Year ended 31 March			
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2009
Investment in equity shares	-	0.90	144.67	9.26	72.23	-	-	-	-	-	-	-	-	-	-	-
Securities premium received	-	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	207.00
Share application money paid, pending allotment	-	-	1.50	8.79	5.58	-	-	-	-	1.04	-	-	-	-	-	-
Equity shares issued during the year	-	-	-	-	-	-	11.00	0.01	-	-	-	-	-	-	0.84	9.00
Amount paid on behalf of other parties	-	^	3.77	7.00	-	-	-	-	-	@	0.20	0.13	-	-	-	-
Balance written off	-	-	-	-	-	-	-	-	-	-	\$	-	-	-	-	-
Interest on loan pertaining to previous year paid during the year	-	-	-	0.40	-	-	-	-	-	-	-	-	-	-	-	-
Loans:																
- Received during the year	-	-	12.00	-	-	5.90	0.49	147.50	35.50	126.00	-	-	-	-	91.69	-



	Subsidiaries				Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	Year ended 31 March				Year ended 31 March				Year ended 31 March				Year ended 31 March			
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2009
- Repaid during the year	-	-	12.00	-	-	5.84	5.55	147.50	35.50	76.40	-	-	-	-	-	-
Amount paid on behalf of others party recovered	-	-	@	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance paid and recovered	-	-	-	-	-	-	-	-	-	0.48	-	-	-	-	-	-
Loan/advance given	-	-	-	1.48	8.44	-	-	-	-	-	-	-	-	-	-	-
Interest income on above loan	-	-	-	0.06	2.05	-	-	-	-	-	-	-	-	-	-	-
Recovery of loan/advance given	-	-	-	-	4.00	-	-	-	-	-	-	-	-	-	-	-
Amount received by other company on behalf of the Company	-	-	-	0.06	-	-	-	-	-	-	-	-	-	-	-	-
Amount paid by other parties on behalf of the Company and reimbursed by the Company	-	-	-	-	-	-	-	-	-	2.50	-	-	-	-	-	-
Amount received on behalf of other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.49	-



	Subsidiaries				Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	Year ended 31 March		Year ended 31 March		Year ended 31 March		Year ended 31 March		Year ended 31 March		Year ended 31 March		Year ended 31 March		Year ended 31 March	
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2009
Company																
Amount received against advance recoverable on account of payment made on behalf of other parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantee given by Company on behalf of other party	-	-	-	950	950	-	-	-	-	-	-	60.00	-	-	2,600	-
Guarantees given by other parties on behalf of the Company	-	-	#	#	-	-	##	##	##	##	-	-	-	-	-	-
Comfort letter given by Company on behalf of other party	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



b(2). Transactions during the seven months period ended 31 October 2009

	Subsidiaries	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	(Amount in Rupees million)	
				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)	
Purchase of goods	43.58	-	44.92	-	-
Sale of goods	-	-	0.79	-	-
Remuneration	-	58.36	-	-	-
Rent expenses	-	4.36	-	-	-
Interest expense on loan taken	-	-	4.89	-	-
Contract expenses	-	-	3.13	-	-
Testing and Inspection Charges	-	-	0.04	-	-
Investment in equity shares	19.59	-	-	-	-
Equity shares issued pursuant to the scheme of amalgamation #	-	25.90	75.25	42.69	
Share application money, pending allotment	5.91	-	-	-	-
Loans:					
- Received during the	-	101.83	115.00	-	-



Subsidiaries	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)
year			
- Repaid during the year	-	112.43	55.00
Amount paid on behalf of others party recovered	-	-	-
Advance paid and recovered	-	-	-
Loan/advance given	1.16	-	169.72
Interest income on above loan	1.32	-	10.73
Recovery of loan/advance given	-	-	58.29
Comfort letter given by Company on behalf of other party	-	-	\$\$
Guarantees given by other parties on behalf of the Company	-	##	-
Shares pledged by certain directors for credit facilities taken by Company	-	\$\$\$	-



**Statement of related party disclosures, as restated (continued)**

c(1). Outstanding balances as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009

	Subsidiaries			Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)						
	Year ended 31 March			Year ended 31 March			Year ended 31 March			Year ended 31 March			Year ended 31 March							
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Share application money, pending allotment	-	-	1.50	8.79	5.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan/advances recoverable	-	-	-	1.48	15.73	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount receivable on account of payments made on behalf of these parties	-	^	3.77	13.58	-	-	-	-	-	@	0.20	0.33	-	-	-	-	-	-	-	-
Interest recoverable on the above loan	-	-	-	0.04	1.63	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend payable	-	-	-	-	-	-	-	-	126.13	90.14	-	-	-	-	-	-	-	-	20.78	19.32
Business advances recoverable	-	-	-	-	-	-	0.10	0.14	0.18	-	-	-	-	-	-	-	-	-	-	-
Business advances payable	-	-	-	-	-	-	0.11	0.18	-	-	-	-	-	-	-	-	-	-	-	-
Interest payable	-	-	0.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent payable	-	-	0.93	3.85	-	-	0.01	0.01	-	-	-	-	-	-	-	-	-	-	-	-



	Subsidiaries				Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	Year ended 31 March				Year ended 31 March				Year ended 31 March				Year ended 31 March			
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2009
Sales commission payable	-	-	-	7.04	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Payable	-	-	-	-	-	-	-	-	+	++	-	-	-	-	-	-
Debtors	-	-	-	-	7.61	-	-	-	-	-	-	-	-	-	-	-
Creditors	-	-	-	-	21.85	-	-	-	-	-	-	-	-	-	-	-
Loan Payable	-	-	-	-	-	5.07	^^	-	-	49.60	-	-	-	-	40.00	-
Remuneration payable	-	-	-	-	-	-	-	-	-	19.80	-	-	-	-	-	-
Amount received by other company on behalf of the Company, receivable as at year end.	-	-	-	0.05	-	-	-	-	-	-	-	-	-	-	-	-
Amount payable on account of payment received on behalf of other Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.49	-





c(2). Outstanding balance as at 31 October 2009

(Amount in Rupees million)				
Subsidiaries	Key management personnel (Including relatives)	Enterprises over which Key management personnel (including relatives) exercise significant influence	Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence.( including relatives of such individuals)	
Share application money, pending allotment	5.91	-	-	-
Loan/advances recoverable	16.89	-	151.59	-
Interest recoverable on the above loan	2.96	-	20.09	-
Business advances recoverable	-	1.24	-	-
Interest payable	-	-	6.95	-
Rent payable	-	0.23	-	-
Debtors	-	-	0.87	-
Creditors	32.85	-	43.57	-
Loan Payable	-	39.00	100.00	-
Remuneration payable	-	4.74	-	-
Amount payable on account of payment received on behalf of other Company	-	-	1.49	-



**	Refer to point 1 of Note 4 of Annexure IV.
#	Blossom Automotive Private Limited has given corporate guarantee and collateral security for various facilities taken by the Company from a bank/banks with the following limits as at the end of the each respective years:- 31 March 2007 Rs. 1,398.50 million 31 March 2008 Rs. 2,350.00 million
##	Guarantees and collateral security given by Ajay Kumar Bishnoi, Amul Gabrani and Bhagwanti Gabrani (relative of the director) for various facilities taken from a bank/banks with the following limits as at the end of each respective year/period :- 31 March 2006 Rs. 508.50 million 31 March 2007 Rs. 1,398.50 million 31 March 2008 Rs. 2,350.00 million 31 March 2009 Rs. 5,700.00 million 31 October 2009 Rs. 16,400.00 million
\$	Balance written off amounting to Rs. 682 is shown as Nil due to rounding off.
@	Payment made on behalf of these parties during the year ended 31 March 2006, receivable as at that year end and recovered during the year ended 31 March 2007 amounting to Rs. 650 has been shown as Nil due to rounding off.
^	Payment made on behalf of these parties amounting to Rs. 1,008 and receivable as at the year end is shown as Nil due to rounding off.
^^	Loans taken amounting to Rs. 500 is shown as Nil due to rounding off.
\$\$	Company has given a letter of comfort for various facilities taken by Hythro Power Corporation Limited from bank/banks with the following limits as at the end of each respective year/period 31 March 2009 Rs. 400.00 Million 31 October 2009 Rs. 1,000.00 Million
+	Expenses payable amounting to Rs. 2,379 at the year end 31 March 2008 is shown as Nil due to rounding off.
++	Expenses payable amounting to Rs. 4,000 at the year end 31 March 2009 is shown as Nil due to rounding off.
\$\$\$	Ajay Kumar Bishnoi and Amul Gabrani have pledged their certain shares in the Company with a bank for credit facilities taken by erstwhile Teepro Ashtech Limited with a limit of Rs. 2,600 million



## Statement of related party disclosures, as restated (continued)

d. Details of related parties with whom transactions exceed 10% of the class of transactions

(Amount in Rupees million)

Name of Related Party	Nature of Transaction	2005	For the year ended 31 March 2006	2007	2008	2009	For the seven months period ended 31 October 2009
Ajay Kumar Bishnoi	Sale of fixed assets	-	7.25	-	-	-	-
Amul Gabrani	Sale of fixed assets	-	7.25	-	-	-	-
Blossom Automotive Private Limited	Rent expenses	-	-	1.50	3.60	-	-
Ajay Kumar Bishnoi	Rent expenses	-	0.24	1.25	2.53	2.99	2.07
Amul Gabrani	Rent expenses	-	0.24	1.25	2.53	2.99	2.07
Ajay Kumar Bishnoi	Interest expense on loan taken	-	-	0.37	-	-	-
Amul Gabrani	Interest expense on loan taken	-	-	1.14	-	-	-
Ajay Kumar Bishnoi	Dividend	-	9.39	21.87	59.85	42.75	-
Amul Gabrani	Dividend	-	10.14	23.04	61.95	44.25	-
Avigo Venture Investments Limited	Dividend	-	-	-	-	12.75	-
Ajay Kumar Bishnoi	Remuneration	2.21	6.55	17.12	33.68	41.94	23.57
Amul Gabrani	Remuneration	2.10	6.55	17.12	33.68	41.94	23.57
Goldie Gabrani	Remuneration	-	-	-	-	6.81	-
Ajay Kumar Bishnoi	Bonus shares issued during the year	-	-	36.20	42.75	-	-
Amul Gabrani	Bonus shares issued during the year	-	-	38.00	45.00	-	-
Blossom Automotive Private Limited	Amount paid on behalf of other parties	-	-	3.77	-	-	-
Blossom Automotive Private Limited	Investment in equity shares	-	-	127.20	-	-	-
Tecpro Energy Limited (formerly Tecpro Energy Private Limited)	Investment in equity shares	-	0.90	-	1.50	-	-
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Investment in equity shares	-	-	-	-	50.50	-
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Interest expense on loan taken	-	-	0.51	-	-	-
Manju Bishnoi	Share premium received	-	-	0.04	-	-	-
Menaka Bishnoi	Share premium received	-	-	0.01	-	-	-
Tecpro Energy Limited (formerly Tecpro Energy Private Limited)	Share application money paid , pending allotment	-	-	1.50	1.65	-	-
Tecpro Energy Limited (formerly Tecpro Energy Private Limited)	Amount paid on behalf of other parties	-	Note 3	-	-	-	-
Tecpro Power Systems Limited	Share application money paid , pending allotment	-	1.04	-	-	-	-
Achal Ghai	Equity shares issued during the year	-	-	0.84	-	-	-



Name of Related Party	Nature of Transaction	For the year ended 31 March					For the seven months period ended 31 October 2009
		2005	2006	2007	2008	2009	
Experience Hitech Consultancy Services Private Limited	Balance written off	-	-	Note 1	-	-	-
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Loans received and repaid	-	-	12.00	-	-	-
Tecpro Engineers Private Limited	Advance paid and recovered	-	-	0.48	-	-	-
Tecpro Engineers Private Limited	Amount paid by other parties on behalf of the Company and reimbursed by the Company	-	-	2.50	-	-	-
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Amount paid on behalf of others party recovered	-	-	Note 2	-	-	-
Ajay Kumar Bishnoi	Loan received	1.40	0.49	47.50	-	60.00	-
Ajay Kumar Bishnoi	Loan repaid	2.15	2.50	47.50	-	52.40	-
Amul Gabrani	Loan received	4.50	-	100.00	35.50	66.00	101.83
Amul Gabrani	Loan repaid	3.69	3.05	100.00	35.50	24.00	104.83
Hythro Power Corporation Limited	Loan received	-	-	-	-	-	95.00
Hythro Power Corporation Limited	Loan repaid	-	-	-	-	-	35.00
Tecpro Engineers Private Limited	Guarantee given by Company on behalf of other parties	-	-	60.00	-	-	-
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Guarantee given by Company on behalf of other parties	-	-	-	950.00	950.00	-
Tecpro Ashtech Limited	Guarantee given by Company on behalf of other parties	-	-	-	-	2,600.00	-
Tecpro Engineers Private Limited	Services received	-	1.98	-	-	-	-
Experience Hitech Consultancy Services Private Limited	Services received	0.85	-	-	-	-	-
Tecpro Trema Limited (formerly Trema RJA Processes Private Limited)	Investment in equity shares	-	-	-	6.11	-	-
Tecpro Systems (Singapore) PTE Limited	Investment in equity shares	-	-	-	1.06	17.48	-
Tecpro Systems (Singapore) PTE Limited	Share application money paid , pending allotment	-	-	-	7.14	0.99	5.49
Tecpro International FZE	Share application money paid , pending allotment	-	-	-	-	4.59	-



Name of Related Party	Nature of Transaction	For the year ended 31 March					For the seven months period ended 31 October 2009
		2005	2006	2007	2008	2009	
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Interest on loan pertaining to previous year paid during the current year	-	-	-	0.40	-	-
Tecpro International FZE	Sales commission expenses	-	-	-	14.27	2.85	-
Ajmer Waste Processing Company Private Limited	Amount paid on behalf of other parties	-	-	-	3.07	-	-
Tecpro International FZE	Amount received by other company on behalf of the Company	-	-	-	0.05	-	-
Bikaner Waste Processing Company Private Limited	Amount paid on behalf of other parties	-	-	-	3.93	-	-
Tecpro Energy Limited (formerly Tecpro Energy Private Limited)	Amount paid on behalf of other parties recovered	-	-	-	Note 4	-	-
Ajmer Waste Processing Company Private Limited	Loan/advance given	-	-	-	1.48	3.16	-
Ajmer Waste Processing Company Private Limited	Interest income on the above loan	-	-	-	0.06	1.28	-
Bikaner Waste Processing Company Private Limited	Interest income	-	-	-	-	0.58	-
Vasundhra Technologies (India) Private Limited	Loan received during the year	-	-	-	-	40.00	-
Tecpro Engineers Private Limited	Loans received and repaid	-	-	-	-	51.69	-
Tecpro Engineers Private Limited	Interest expense on loan taken	-	-	-	-	0.35	-
Vasundhra Technologies (India) Private Limited	Interest expense on loan taken	-	-	-	-	2.85	2.35
Hythro Power Corporation Limited	Interest expense on loan taken	-	-	-	-	-	2.55
Tecpro Trema Limited (formerly Trema RJA Processes Private Limited)	Loan/advance given	-	-	-	-	5.08	-
Tecpro Trema Limited (formerly Trema RJA Processes Private Limited)	Recovery of loan given	-	-	-	-	4.00	-
Avigo Venture Investments Limited	Share premium received	-	-	-	-	207.00	-
Avigo Venture Investments Limited	Equity shares issued during the year	-	-	-	-	9.00	-
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Sale of goods	-	-	-	-	32.48	-
Tecpro Stone Private Limited	Purchase of fixed assets	-	-	-	-	0.78	-



Name of Related Party	Nature of Transaction	For the year ended 31 March					For the seven months period ended 31 October 2009
		2005	2006	2007	2008	2009	
Tecpro Paints Private Limited	Purchase of goods	-	-	-	-	16.55	44.66
Tecpro Trema Limited (formerly Trema RJA Processes Private limited)	Purchase of goods	-	-	-	-	22.93	43.58
Tecpro Engineers Private Limited	Amount received on behalf of other Company	-	-	-	11.07	Note 5	-
Tecpro Engineers Private Limited	Loan/advance given	-	-		-	-	169.72
Tecpro Engineers Private Limited	Loan/advance recovered			-			58.29
Tecpro Engineers Private Limited	Interest Income	-	-	-	-	-	10.73
Tecpro International FZE	Investment in equity shares	-	-	-	-	-	12.98
Hythro Power Corporation Limited	Sale of goods	-	-	-	-	-	0.79
Hythro Power Corporation Limited	Loan/advance received and repaid	-	-	-	-	-	20.00
Tecpro Infrastructures Private Limited	Contract expenses	-	-	-	-	-	3.13
Tecpro Infrastructures Private Limited	Testing and Inspection Charges	-	-	-	-	-	0.04
Fusion Fittings (I) Limited	Equity shares to be issued pursuant to the scheme of amalgamation	-	-	-	-	-	75.25
Avigo Venture Investments Limited	Equity shares to be issued pursuant to the scheme of amalgamation	-	-	-	-	-	42.69
Tecpro Stones Private Limited	Amount received against advance recoverable on account of payment made on behalf of other parties	-	-	-	-	-	0.33

Note 1: Balances written off amounting to Rs. 682 is shown as Nil due to rounding off.

Note 2: Amount paid on behalf of other party recovered amounting to Rs. 650 is shown as Nil due to rounding off.

Note 3: Amount paid on behalf of other parties amounting to Rs. 1,008 is shown as Nil due to rounding off.

Note 4: Amount paid on behalf of other parties recovered amounting to Rs. 1,008 is shown as Nil due to rounding off.

Note 5: Amount received on behalf of other Company amounting to Rs. 2,213 is shown as Nil due to rounding off.



## Segment reporting, as restated

### Segment reporting disclosures for the seven months period ended 31 October 2009

The risk-return profile of the Company's business is determined predominantly by the nature of their products and services. Accordingly, the following primary segmentation is based on the business in which the Company operate.

#### Primary segment (Business segment)

##### A Material handling systems

This segment is primarily engaged in manufacturing and supply of material handling systems, viz;

- a Supply of conveyor belt, slat conveyors, bucket elevators;
- b Manufacture and / or supply of crushers, screens, conveyor components like idlers and pulleys (rollers);
- c Fabricated steel structures ;
- d Providing the services of design, engineering, procurement, construction and maintenance for air and gas pollution control systems attached to the industrial plants;
- e Manufacture of ash handling equipments and undertakes turnkey projects for ash handling System.

##### B Setting up/ supply of power plants/equipments

This segment is primarily engaged in purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems.

#### Secondary segment (Geographical segment)

The businesses are organized into two key geographic segments (reportable secondary segment) i.e. domestic and exports. Revenues are attributable to individual geographic segments based on the location of the customer within India (domestic) and outside India (exports).

The following specific accounting policies have been followed for segment reporting:-

- a Segment revenue includes sales of manufactured goods, sales of traded goods and service income directly identifiable to the segment.
- b Expenses (excluding interest expenses) that are directly identifiable with the segments are considered for determining segment results.
- c Other income including interest income (excluding sale of scrap, commission and provision no longer required written back) that are not identifiable to segments is included in unallocable other income.
- d Segment assets and segment liabilities include those directly identifiable with the respective segments. Unallocated assets include cash and bank, loans and advances to subsidiaries, share application money pending allotment and investments. Unallocated liabilities include secured loans, unsecured loans, bank overdraft, deferred tax liability and income tax liabilities.



(i) Primary segment (Business segments)

(Amount in Rupees million)

	Material handling system	Setting up/ supply of power plant/ equipments	Inter segment elimination	Total
	For the seven months period ended 31 October 2009	For the seven months period ended 31 October 2009	For the seven months period ended 31 October 2009	For the seven months period ended 31 October 2009
<b>Revenue</b>				
External sales (net)	4,851.13	181.87	-	5,033.00
Inter segment sales	12.36	-	(12.36)	-
<b>Total</b>	<b>4,863.49</b>	<b>181.87</b>	<b>(12.36)</b>	<b>5,033.00</b>
<b>Results</b>				
<b>Segment results (before interest and taxes)</b>	456.49	(23.52)	12.36	445.33
Unallocable other income (excluding interest income)				3.20
Interest income				76.98
Interest expenses				318.49
<b>Profit before taxes</b>				207.02
income taxes				
- Current tax				71.02
- Deferred tax				(0.44)
- Fringe benefit tax				-
<b>Profit after taxation</b>				<b>136.44</b>
<b>Other Information</b>				
Segment assets	8,621.46	678.14	(22.82)	9,276.77
Unallocated assets				1,572.84
<b>Total assets</b>				<b>10,849.61</b>
Segment liabilities	5,402.96	158.98	(22.82)	5539.12
Unallocated liabilities				2,663.24
Share capital (including reserves and surplus)				2,647.25
<b>Total liabilities</b>				<b>10,849.61</b>
<b>Other Information</b>				
Capital expenditure	231.19	0.51		231.70
Depreciation and amortization	35.01	0.73		35.74
Non-cash expenses other than depreciation and amortization included in segment expenses	61.48	0.32		61.80





(ii) Secondary segment (Geographical segment) disclosures for the seven months period ended 31 October 2009 are as follows:-

Particulars	For the seven months period ended 31 October 2009		
	Domestic	Export	Total
Revenue by Geographical Market	4,940.89	92.11	5,033.00
Capital expenditure (including capital advances)	231.70	-	231.70
Sundry debtors #	5,710.33	69.45	5,779.78

# other assets except sundry debtors cannot be allocated to the secondary segments.



## Segment reporting, as restated (continued)

### Segment reporting disclosures for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009

Based on the nature of activities performed, which primarily relate to design, engineering and manufacture of material handling equipments and the dominant source and nature of risks and return, business segment is the primary segment. However, as the Company does not operate in more than one business segment in the above years, disclosure for primary segment as required under Accounting Standard 17 – “Segment Reporting” are not required.

Secondary segment (Geographical segment) disclosures for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 are as follows:-

Particulars	Domestic Year ended 31 March					Export Year ended 31 March					Total Year ended 31 March				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Revenue by Geographical Market	363.19	1,004.50	2,199.52	4,605.48	6,851.44	120.50	42.12	100.05	218.56	218.39	483.69	1,046.62	2,299.57	4,824.04	7,069.83
Capital expenditure (including capital advances)	45.91	77.12	100.89	248.87	419.45	-	-	-	-	-	45.91	77.12	100.89	248.87	419.45
Sundry debtors #	99.60	307.89	851.98	2,039.15	3,639.14	20.09	24.24	39.62	137.47	104.81	119.69	332.13	891.60	2,176.62	3,743.95

# other assets except sundry debtors cannot be allocated to the secondary segments.



## CONSOLIDATED FINANCIAL INFORMATION OF TECPRO SYSTEMS LIMITED

### AUDITORS REPORT ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

#### Report by the Auditors

The Board of Directors  
Tecpro Systems Limited  
106, Vishwadeep Tower,  
Plot No. 4, District Centre, Janak Puri  
New Delhi – 110 058

- 1) We have examined the attached consolidated financial information comprising consolidated summary statement of profits and losses, as restated, consolidated summary statement of assets and liabilities, as restated, consolidated statement of cash flows, as restated and other consolidated financial information as explained in paragraph 4 (g) below of Tecpro Systems Limited ('TSL' or 'the Company') and its subsidiaries, Tecpro Energy Limited ('TEL'), Tecpro Power Systems Limited (amalgamated with the Company w.e.f 1 April 2009 pursuant to the scheme of amalgamation) ('TPSL'), Blossom Automotive Private Limited (amalgamated with the Company w.e.f 1 April 2008 pursuant to the scheme of amalgamation) ('BAPL'), Tecpro International FZE ('TI FZE'), Ajmer Waste Processing Company Private Limited ('AWPCPL') Tecpro Trema Limited ('TTL'), Tecpro Systems (Singapore) Pte. Limited ('TSSPL') and Bikaner Waste Processing Company Private Limited ('BWPCPL') for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, as approved by the board of directors of the Company, prepared in terms of requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI Regulations') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 2 April 2010, in connection with the proposed issue of equity shares of the Company.
- 2) The consolidated financial information has been prepared by management from the audited financial statements of the Company and its subsidiaries for the financial years ended 31 March 2006, 31 March 2007 ('Revised' in relation to the Company, as mentioned in Note 2a) of 2 of Annexure V) 31 March 2008, 31 March 2009 and for the period ended 31 October 2009. The Consolidated financial information of the Company and its subsidiaries for the financial year ended 31 March 2005 have not been prepared by the management, as the Company had no subsidiaries during that year. For the purposes of consolidated financial information of the Company and its subsidiaries, the subsidiaries have been consolidated from the date they became the subsidiaries of the Company.

We did not audit the financial statements of the subsidiaries listed below for the following financial years:

Name of the subsidiary	Period / Year ended (PE / YE)	Total assets (Rs. million)	Total revenues (Rs. million)	Name of the auditor
Tecpro Energy Limited	PE 31 March 2006	0.92	-	K. Bhushan & Co.
Blossom Automotive Private Limited	YE 31 March 2007	118.16	1.52	S. Singhal & Co.
	YE 31 March 2008	119.26	3.60	
Tecpro International FZE	PE 31 March 2007	6.43	-	R.G. Luthra & Company
	YE 31 March 2008	10.21	14.44	
	YE 31 March 2009	6.77	4.64	
	PE 31 October 2009	7.76	-	
Tecpro Trema Limited	YE 31 March 2008	4.47	0.26	R.G. Luthra & Company
	YE 31 March 2009	24.08	28.99	
	PE 31 October 2009	41.24	43.61	
Ajmer Waste Processing Company Private Limited	YE 31 March 2008	1.96	0.01	R.G. Luthra & Company
	YE 31 March 2009	3.90	0.03	
	PE 31 October 2009	5.26	-	
Tecpro Systems (Singapore) Pte. Limited	PE 31 March 2008	3.83	2.01	R.G. Luthra & Company
	YE 31 March 2009	0.77	-	
	PE 31 October 2009	0.84	0.18	
Bikaner Waste Processing Company Private Limited	YE 31 March 2008	0.00*	-	R.G. Luthra & Company
	YE 31 March 2009	0.44	-	
	PE 31 October 2009	0.15	-	



These financial statements have been audited by another firms of Chartered Accountants, as stated above, whose audit reports have been furnished to us and our opinion in so far as it relates to the amounts included in these consolidated summary statement of profits and losses, as restated, consolidated summary statement of assets and liabilities, as restated and consolidated statement of cash flows, as restated are based solely on the audit reports of other auditors.

\* Total assets are Rs.1,093 and are shown as Nil due to rounding off.

- 3) For the purposes of making adjustments to the financial information for the financial years ended 31 March 2006, 31 March 2007 (Revised), 31 March 2008, 31 March 2009 and for the period ended 31 October 2009 of the Company, to the extent such adjustments emanate from the financial statements for the financial year ended 31 March 2005 of the Company, reliance has been placed on the financial statements for the financial year ended 31 March 2005 of the Company audited by previous auditor, K. Bhushan & Co., Chartered Accountants.
- 4) In accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, SEBI Regulations, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India, as amended from time to time and in terms of our agreement agreed with you, we report that:
  - (a) The Company has not prepared any accounts on a date ending three months before the issue of the Draft Red Hearing Prospectus.
  - (b) We have examined the attached consolidated summary statement of profits and losses, as restated, of the Company, along with its subsidiaries, TEL, TPSL (upto 31 March 2009, amalgamated with the Company w.e.f 1 April 2009 pursuant to the scheme of amalgamation), BAPL (upto 31 March 2008, amalgamated with the Company w.e.f 1 April 2008 pursuant to the scheme of amalgamation), TI FZE, AWPCPL, TTL, TSSPL and BWPCPL for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, as set out in Annexure I to this report. These are after making adjustments, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure V to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years / period.
  - (c) We have examined the attached consolidated summary statement of assets and liabilities, as restated, of the Company, along with its subsidiaries, TEL, TPSL (upto 31 March 2009, amalgamated with the Company w.e.f 1 April 2009 pursuant to the scheme of amalgamation), BAPL (upto 31 March 2008, amalgamated with the Company w.e.f 1 April 2008 pursuant to the scheme of amalgamation), TI FZE, AWPCPL, TTL, TSSPL and BWPCPL as at 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and as at 31 October 2009, as set out in Annexure II to this report. These are after making adjustments, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure V to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years / period.
  - (d) We have examined the attached consolidated cash flow statement, as restated, of the Company, along with its subsidiaries, TEL, TPSL (upto 31 March 2009, amalgamated with the Company w.e.f 1 April 2009 pursuant to the scheme of amalgamation), BAPL (upto 31 March 2008, amalgamated with the Company w.e.f 1 April 2008 pursuant to the scheme of amalgamation), TI FZE, AWPCPL, TTL, TSSPL and BWPCPL for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, as set out in Annexure III to this report. These are after making adjustments, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure V to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements of the Company and its subsidiaries for the relevant financial years / period.
  - (e) For our examination of the consolidated financial information, we have relied on the following:
    - i. Financial statements of TEL, a subsidiary of the Company for the period ended 31 March 2006, audited and reported by K. Bhushan & Co., Chartered Accountants.
    - ii. Financial statements of BAPL, a subsidiary of the Company for the financial year ended 31 March 2007 and 31 March 2008, audited and reported by S. Singhal & Co., Chartered Accountants.



- iii. Financial statements of TI FZE, a subsidiary of the Company for the period ended 31 March 2007, financial year ended 31 March 2008 and 31 March 2009 and for the period ended 31 October 2009, audited and reported by R.G. Luthra & Company, Chartered Accountants.
  - iv. Financial statements of AWPCL, a subsidiary of the Company for the financial year ended 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, audited and reported by R.G. Luthra & Company, Chartered Accountants.
  - v. Financial statements of TTL, a subsidiary of the Company for the financial year ended 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, audited and reported by R.G. Luthra & Company, Chartered Accountants.
  - vi. Financial statements of TSSPL, a subsidiary of the Company for the period ended 31 March 2008, financial year ended 31 March 2009 and for the period ended 31 October 2009, audited and reported by R.G. Luthra & Company, Chartered Accountants.
  - vii. Financial statements of BWPCPL, a subsidiary of the Company for the financial year ended 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, audited and reported by R.G. Luthra & Company, Chartered Accountants.
- (f) Based on the above in respect of reliance placed on financial statements audited by other auditors, in respect of the Company's subsidiaries for the respective years / periods and also as per the reliance placed on the financial statements of the Company for the financial year ended 31 March 2005 audited by the previous auditor, M/s K. Bhushan & Co. Chartered Accountants, we confirm that the consolidated restated financial information, prepared by the management of the Company and approved by its Board of Directors, has been made after incorporating the following:
- i. the impact of correction of accounting policies / changes in accounting policies have been adjusted with retrospective effect in the respective financial years to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods;
  - ii. material amounts relating to previous years have been adjusted in the restated consolidated financial information in the respective financial years to which they relate;
  - iii. qualifications in the auditors' report which require adjustments have been given effect to in the restated consolidated financial information in the respective financial years, except for qualifications in the auditors' report which do not require any corrective adjustments in the restated consolidated financial information as disclosed in Note 2 of Annexure V; and
  - iv. there are no extraordinary items, which need to be disclosed separately in the restated consolidated financial information in the respective financial years / periods;
  - v. there are no revaluation reserves outstanding as at 31 March 2005, 31 March 2006, 31 March 2007 and 31 March 2008 that need to be disclosed separately and that would require adjustment to the restated financial information. Appropriate adjustments have been made in the statement of assets and liabilities as at 31 March 2009 and 31 October 2009 for revaluation reserves.
- (g) We have also examined the following other consolidated financial information set out in Annexures prepared by the management and approved by the Board of Directors relating to the Company and its subsidiaries for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009. With respect to other consolidated information, financial statements audited by other auditors, in respect of the Company's subsidiaries for the respective years (as stated in paragraph 2 above) and financial statements of the Company for the financial year ended 31 March 2005 audited by the previous auditor, M/s K. Bhushan & Co. Chartered Accountants have been relied upon by us.
- i. Consolidated statement of dividends, as restated declared by the Company, for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, as appearing in Annexure VI to this report;
  - ii. Consolidated statement of secured and unsecured loans, as restated as at 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and as at 31 October 2009 and details of terms and conditions, including interest



rates, principal terms of security and repayment terms of the loans outstanding as at 31 October 2009, as appearing in Annexure VII to this report;

- iii. Consolidated statement of other income (for years where it exceeds 20 % of net profit before tax), as restated for the financial years ended 31 March 2006, 31 March 2007 and 31 March 2008, 31 March 2009 and for the period ended 31 October 2009 as appearing in Annexure VIII to this report, as per the consolidated summary statement of profit and loss, as restated;
- iv. Consolidated statement of accounting ratios, as restated, for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009, as appearing in Annexure IX to this report;
- v. Capitalisation statement - Consolidated, as restated as at 31 October 2009, as appearing in Annexure X to this report;
- vi. The "Break up of ageing schedule of sundry debtors - Consolidated" and "Break up of loans and advances - Consolidated", as restated (separately showing loans/advances to promoters/promoter group/group companies) as at 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 October 2009 as appearing in Annexure XI to this report;
- vii. Consolidated statement of aggregate book value and market value of investments, as restated as at 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and as at 31 October 2009 as appearing in Annexure XII to this report;
- viii. Consolidated statement of related party disclosures, as restated for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009 as per Accounting Standard 18 on Related Parties prescribed by the Companies (Accounting Standards) Rules, 2006, as appearing in Annexure XIII to this report; and
- ix. Consolidated statement of segment reporting, as restated for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009 as per Accounting Standard 17 on Segment Reporting prescribed by the Companies (Accounting Standards) Rules, 2006, as appearing in Annexure XIV to this report.

In our opinion, the above consolidated financial information of the Company, along with its subsidiaries, read with significant accounting policies appearing in Annexure IV to this report, after making adjustments as considered appropriate and as set out in Annexure V to this report, has been prepared in accordance with Paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India, as amended from time to time.

- 5) The Balance sheet, Profit and Loss Account and Cash flow statement extracted from the standalone financial statements of the Company's subsidiaries are as per the financial statements audited by the respective auditors as mentioned below are stated in Annexure XV, XVI, XVII, XVIII, XIX, XX, XXI and XXII furnished to us by the Company.

Name of the subsidiary	Period / Year ended (PE / YE)	Name of auditor	Subsidiary with effect from
Tecpro Energy Limited	PE 31 March 2006 YE 31 March 2007 YE 31 March 2008 YE 31 March 2009 PE 31 October 2009	K. Bhushan & Co. B S R & Co. B S R & Co. B S R & Co. B S R & Co.	24 March 2006
Tecpro Power Systems Limited**	YE 31 March 2007 YE 31 March 2008 YE 31 March 2009	B S R & Co.	23 February 2007
Blossom Automotive Private Limited*	YE 31 March 2007 YE 31 March 2008	S. Singhal & Co.	17 October 2006
Tecpro International FZE	PE 31 March 2007 YE 31 March 2008 YE 31 March 2009 PE 31 October 2009	R.G. Luthra & Company	19 August 2006



Name of the subsidiary	Period / Year ended (PE / YE)	Name of auditor	Subsidiary with effect from
Tecpro Trema Limited	YE 31 March 2008 YE 31 March 2009 PE 31 October 2009	R.G. Luthra & Company	18 June 2007
Ajmer Waste Processing Company Private Limited	YE 31 March 2008 YE 31 March 2009 PE 31 October 2009	R.G. Luthra & Company	3 May 2007
Tecpro Systems (Singapore) Pte. Limited	PE 31 March 2008 YE 31 March 2009 PE 31 October 2009	R.G. Luthra & Company	13 July 2007
Bikaner Waste Processing Company Private Limited. (BWPCPL)	YE 31 March 2008 YE 31 March 2009 PE 31 October 2009	R.G. Luthra & Company	4 January 2008

\*\*Amalgamated with the Company with effect from 1 April 2009 pursuant to the scheme of amalgamation. Refer point no. 5 a) of note 6 of Annexure V

\* Amalgamated with the Company with effect from 1 April 2008 pursuant to the scheme of amalgamation. Refer point no. 4 b) of note 6 of Annexure V

- 6) Our report is intended solely for the use of management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

**For B S R & Co.**  
*Chartered Accountants*  
ICAI firm registration number-101248W

Place : Gurgaon  
Date : April 21, 2010

**Vikram Advani**  
*Partner*  
Membership No: 091765



# Annexure I

## Consolidated summary statement of profit and loss, as restated, of Tecpro Systems Limited and its subsidiaries

(Amounts in Rupees million)

Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
<b>Income</b>					
Sales					
- Of products manufactured	538.28	681.34	1,438.05	2,045.46	821.86
- Of products traded (project supplies)	387.34	1,382.01	2,893.00	3,899.45	2,480.29
Service income	103.13	236.22	523.08	599.70	257.45
Contract Revenue			192.39	1,448.45	1,473.58
Other income	3.73	13.53	43.79	119.74	95.10
Increase/ (decrease) in inventory	35.21	70.83	7.84	268.80	357.49
<b>Total (A)</b>	<b>1,067.69</b>	<b>2,383.93</b>	<b>5,098.15</b>	<b>8,381.60</b>	<b>5,485.77</b>
<b>Expenditure</b>					
Raw materials consumed- manufacturing	269.22	446.25	895.05	1,617.95	690.36
Raw materials consumed- supplied to fabricators / sites for fabrication	154.65	251.43	554.12	743.08	233.29
Purchases of traded products (project supplies)	232.96	893.91	1,872.07	2,452.16	2,070.54
Contract cost	-	-	147.28	1,117.64	912.30
Staff costs	55.92	117.14	237.86	409.19	364.96
Other cost of goods sold	86.25	101.76	233.31	403.28	300.87
Administration expenses	51.22	108.22	216.35	214.00	179.07
Selling and distribution expenses	39.66	85.45	208.35	338.70	190.68
Interest and bank charges	16.50	34.72	49.97	143.74	318.59
Depreciation and amortisation	7.49	13.78	25.70	33.65	36.37
<b>Total (B)</b>	<b>913.87</b>	<b>2,052.66</b>	<b>4,440.06</b>	<b>7,473.39</b>	<b>5,297.03</b>
<b>Profit/(loss) before tax and adjustments</b>					
<b>(C) =(A) – (B)</b>	<b>153.82</b>	<b>331.27</b>	<b>658.09</b>	<b>908.21</b>	<b>188.74</b>
Provision for tax					
- Current tax (D)	59.31	124.09	242.45	349.87	75.50
- Deferred tax charge/(release) (E)	1.69	2.16	2.47	(1.40)	(0.73)
	1.73	2.23	4.49	6.04	0.09
- Fringe benefit tax (F)					
<b>Profit/(loss) after tax and before adjustments</b>					
<b>(G) = (C) -(D) - (E) -(F)</b>	<b>91.09</b>	<b>202.79</b>	<b>408.68</b>	<b>553.70</b>	<b>113.88</b>
Adjustments (Refer point no. 1 of Annexure V) (H)	0.96	0.04	0.04	0.04	0.02
Current tax impact and prior period income tax impact of adjustments (Refer point no. 1 of Annexure V) (I)	5.50	(1.32)	(1.37)	2.08	4.30
Fringe benefit tax impact of adjustments (Refer Note 1 of Annexure V) (J)	-	(0.58)	0.32	0.17	0.09
Deferred tax impact of adjustments (charge)/ release(Refer point no. 1 of Annexure V) (K)	(0.40)	0.50	0.03	0.47	(0.29)
<b>Total of adjustments after tax impact</b>					
<b>##(L) = (H)+(I)+(J)+(K)</b>	<b>6.06</b>	<b>(1.36)</b>	<b>(0.98)</b>	<b>2.76</b>	<b>4.12</b>
<b>Net Profit as restated (G) + (L)</b>	<b>97.15</b>	<b>201.43</b>	<b>407.70</b>	<b>556.46</b>	<b>118.00</b>
Share of loss/ (profit) of minorities	-*	0.10**	(2.11)^	(10.75)@	(0.03)@@
Profit/(Loss) brought forward from previous year	11.62	36.16	83.96	120.91	455.22
Adjustment on account of amalgamation	-	-	-	1.34	^(78.86)





Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
<b>Profit/(loss) balance available for appropriation</b>	<b>108.77</b>	<b>237.69</b>	<b>489.55</b>	<b>667.96</b>	<b>494.33</b>
<b>Appropriations</b>					
Transfer to General Reserve	50.00	80.00	150.00	50.69	-
Interim dividend	19.83	63.02	186.88	138.49	-
Dividend tax	2.78	10.71	31.76	23.54	-
Provision for preference dividend	-***	-	-	0.02	-
Provision for preference dividend tax	-***	-	-	#	-
<b>Balance carried forward to Balance Sheet</b>	<b>36.16</b>	<b>83.96</b>	<b>120.91</b>	<b>455.22</b>	<b>494.33</b>

\* Minority share of loss is Rs. 448 and is shown as Nil due to rounding off.

\*\* The losses applicable to minorities in the consolidated financial information have exceeded the minority interests. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

^^ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 2,899,026 has been adjusted against the majority interests.

@ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 958,848 has been adjusted against the majority interests.

@@ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 617,750 has been adjusted against the majority interests.

\*\*\* Provision for preference dividend and provision for preference dividend tax aggregating Rs. 4,452 and Rs. 624 respectively are shown as Nil due to rounding off.

# Provision for preference dividend tax aggregating Rs. 3,528 is shown as Nil due to rounding off.

^ Refer to point no. 5 a) of note 6 of Annexure V.

## Figures in bracket represents decrease in profit.

Note: To be read together with summary of significant accounting policies (Annexure IV) and Notes to consolidated summary statement of profit and loss, as restated, and consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries (Annexure V).



## Annexure II

### Consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries

(Amounts in Rupees million)					
Particulars	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>A Goodwill</b>	<b>0.11</b>	<b>18.00##</b>	<b>29.61##</b>	<b>32.04</b>	<b>11.85^^</b>
<b>Fixed assets</b>					
(i) Gross block	107.85	272.88	353.61	441.17	1,241.61
Less : Accumulated depreciation	7.23	17.54	36.70	63.73	127.54
Net block	100.62	255.34	316.91	377.44	1,114.07
Less : Revaluation reserve	-	-	-	73.08	72.50
Net block after adjustment for Revaluation reserve	100.62	255.34	316.91	304.36	1,041.57
(ii) Capital work in progress/ advances	0.38	51.48	217.08	547.77	33.96
<b>B Net block</b>	<b>101.00</b>	<b>306.82</b>	<b>533.99</b>	<b>852.13</b>	<b>1,075.53</b>
<b>C Intangible assets (Net of amortisation)</b>	<b>10.31</b>	<b>10.23</b>	<b>11.71</b>	<b>10.58</b>	<b>14.24</b>
<b>D Investments</b>	<b>0.94</b>	<b>0.94</b>	<b>1.02</b>	<b>1.02</b>	<b>1.04</b>
<b>E Current assets, loans and advances</b>					
(i) Inventories	100.86	238.60	334.43	794.84	1,480.64
(ii) Sundry debtors	332.13	891.60	2,252.35	4,187.28	5,780.09
(iii) Cash and bank balances	139.47	286.09	455.65	1,007.20	1,488.05
(iv) Loans and advances	52.67	53.60	233.47	272.45	633.70
(v) Other current assets	0.65	4.97	94.48	316.76	311.42
	<b>625.78</b>	<b>1,474.86</b>	<b>3,370.38</b>	<b>6,578.53</b>	<b>9,693.90</b>
<b>A+B+C+D+E</b>	<b>738.14</b>	<b>1,810.85</b>	<b>3,946.71</b>	<b>7,474.30</b>	<b>10,796.56</b>
<b>F Minority Interest</b>	<b>0.11</b>	<b>-#</b>	<b>1.36@</b>	<b>59.23@@</b>	<b>1.89\$</b>
<b>G Liabilities and provisions</b>					
(i) Secured loans	75.29	180.20	271.37	790.88	2,490.59
(ii) Unsecured loans	-*	-	-	91.91	145.95
(iii) Current liabilities and provisions	391.06	1,091.88	2,635.90	4,791.19	5,568.09
(iv) Deferred tax liability – net	2.74	4.40	6.84	4.96	4.53
(v) Share application money	0.81	36.80	32.01	0.01	0.01
	<b>469.90</b>	<b>1,313.28</b>	<b>2,946.12</b>	<b>5,678.95</b>	<b>8,209.17</b>
<b>Net worth (A+B+C+D+E-F-G)</b>	<b>268.13</b>	<b>497.57</b>	<b>999.23</b>	<b>1,736.12</b>	<b>2,585.50</b>



**Consolidated summary statement of assets and liabilities, as restated of Tecpro Systems Limited and its subsidiaries (continued)**

		(Amounts in Rupees million)				
	Particulars	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>H</b>	<b>Represented by</b>					
	(i) Share Capital					
	-Equity share capital	19.47	125.90	266.98	276.98	276.98
	-Equity shares issued pursuant to the scheme of amalgamation++	-	-	-	-	165.26
	-Preference share capital	150.00	-	-	199.99	-
		<b>169.47</b>	<b>125.90</b>	<b>266.98</b>	<b>476.97</b>	<b>442.24</b>
	(ii) Reserves and surplus					
	- Securities premium	-**	145.21	318.84^	583.94	981.54
	- Capital reserve	-	-	-	-	38.86
	-General reserve	62.50	142.50	292.50	219.99	628.53
	-Revaluation Reserve	-	-	-	73.08	72.50
	-Profit and loss account	36.16	83.96	120.91	455.22	494.33
		<b>98.66</b>	<b>371.67</b>	<b>732.25</b>	<b>1,332.23</b>	<b>2,215.76</b>
	Less: Revaluation Reserve	-	-	-	73.08	72.50
	Reserves (Net of Revaluation Reserves)	98.66	371.67	732.25	1,259.15	2,143.26
	<b>Net worth</b>	<b>268.13</b>	<b>497.57</b>	<b>999.23</b>	<b>1,736.12</b>	<b>2,585.50</b>

\* Unsecured loans are Rs.2,500 and are shown as Nil due to rounding off.

\*\* Securities premium is Rs. 2,700 and shown as Nil due to rounding off.

# The losses applicable to minorities in the consolidated financial information have exceeded the minority interests. Hence, the share of losses applicable to the minorities have been restricted to Rs. 101,839 and the excess of share of losses of the minorities over the minority interests amounting to Rs. 90,010 has been adjusted against the majority interests. Accordingly, the minority interest as at 31 March 2007 is Nil.

@ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 2,899,026 has been adjusted against the majority interests.

@@ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 958,848 has been adjusted against the majority interests.

\$ The share of losses applicable to minorities (in case of minorities whose share of losses have exceeded the minority interests in the consolidated financial information) have been restricted to Rs. Nil and the accumulated excess of share of losses of the minorities over the minority interests amounting to Rs. 617,750 has been adjusted against the majority interests.

++ Refer point no. 5 a) of note 6 of Annexure V.

^ Refer point No. 3 e) of note 6 of Annexure V for share issue expenses utilised against securities premium.

^^ Refer note 4 of Annexure V.

## Pre acquisition revaluation reserves pertaining to Blossom Automotive Private Limited (subsidiary of the Company upto 31 March 2008) aggregating Rs. 76.09 million have been reduced from the goodwill for the purpose of calculating Goodwill and have not been shown under Reserves and Surplus for the year ended 31 March 2007 and 31 March 2008.



With effect from 1 April 2008, Blossom Automotive Private Limited was amalgamated into the Company and accordingly, revaluation reserves have been shown separately under Reserves and Surplus and reduced for the purposes of calculating Net worth for the year ended 31 March 2009 and period ended 31 October 2009. (Also refer point no.4 b) of Note of Annexure V )

Note: To be read together with summary of significant accounting policies (Annexure IV) and Notes to consolidated summary statement of profit and loss, as restated, and consolidated summary statement of assets and liabilities, as restated, of Tecpro Systems Limited and its subsidiaries (Annexure V).



# Annexure III

## Consolidated statement of cash flows, as restated, of Tecpro Systems Limited and its subsidiaries

(Amounts in Rupees million)

Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
<b>Cash flow from operating activities</b>					
Profit/ (Loss) before tax	154.78	331.31	658.13	908.25	188.76
<b>Adjustments for:</b>					
Depreciation and amortization	7.45	13.74	25.66	33.61	36.35
Miscellaneous expenditure written off	-	-	-	-	0.53
Profit on sale of fixed assets	(0.72)	-	-	(0.06)	-
Loss on sale of fixed assets	-	0.11	0.16	0.10	0.28
Dividend income	(0.04)	(0.01)	(0.15)	(0.03)	(0.04)
Interest income	(2.37)	(10.13)	(27.53)	(62.99)	(75.76)
Financial expenses	16.50	34.72	50.03	143.70	318.57
Bad debts written off	1.31	5.55	30.11	67.08	18.80
Creditor / provisions written back	-	(0.57)	(0.01)	(2.65)	(9.73)
Provision for estimated losses on contract in progress	-	-	-	-	28.15
Provision for bad and doubtful debts	1.57	-	-	-	14.58
Fixed assets written off	0.13	0.53	0.23	0.08	-
<i>Operating (loss)/ profit before changes in working capital</i>	<b>178.61</b>	<b>375.25</b>	<b>736.63</b>	<b>1,087.09</b>	<b>520.49</b>
<b>Adjustments for (Increase)/decrease in working capital</b>					
Sundry Debtors	(215.32)	(565.01)	(1,390.86)	(2,002.01)	(420.41)
Loans and advances	(40.73)	4.17	(172.24)	0.41	(132.85)
Inventories	(56.55)	(137.74)	(95.84)	(460.41)	(645.93)
Other current assets	-	-	(85.73)	(221.92)	76.35
Current Liabilities and Provisions	149.76	556.29	1,283.10	2,163.31	242.53
<i>Net changes in working capital</i>	<b>15.77</b>	<b>232.96</b>	<b>275.06</b>	<b>566.47</b>	<b>(359.82)</b>
Direct taxes paid	(36.33)	(55.22)	(145.24)	(291.99)	(325.59)
Direct taxes refund	-	-	-	1.65	0.65
Fringe benefit tax paid	(1.41)	(2.38)	(4.65)	(5.77)	(0.49)
<b>Cash generated from/ (used in) operations (A)</b>	<b>(21.97)</b>	<b>175.36</b>	<b>125.17</b>	<b>270.36</b>	<b>(685.25)</b>
Sale of fixed assets	14.50	0.69	0.15	0.38	0.40
Purchase of business of subsidiaries (net of cash acquired)	-	(126.81)	(1.77)	-	-
Purchase of fixed and intangible assets	(77.12)	(103.66)	(254.28)	(425.21)	(233.48)
Purchase of investments	(0.58)	(0.01)	-	-	-
Dividend received	0.03	0.01	0.08	0.03	0.04
Interest received	1.73	5.81	20.89	57.17	54.78
<b>Net cash (used in) /generated from investing activities (B)</b>	<b>(61.44)</b>	<b>(223.97)</b>	<b>(234.93)</b>	<b>(367.63)</b>	<b>(178.26)</b>
<b>Cash flow from financing activities</b>					
Issue of equity share capital	11.50	5.17	14.34	10.01	90.27
Issue of preference share capital	150.00	-	-	199.99	-
Receipt of share application money pending allotment	0.81	24.00	0.01	-	-
Refund of share application money	(0.98)	(0.15)	-	-	-
Securities premium received on issue of equity share capital	0.00#	96.47	319.32	230.00	-
Proceeds from borrowings	34.61	73.47	78.31	100.32	1.16
Repayment of long-term borrowings	(29.95)	(0.01)	-	(0.57)	(17.97)



Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
Increase in short term borrowings	68.46	31.17	12.86	425.46	1,502.53
Repayment of short-term borrowings	-	-	-	(5.70)	-
Loan from directors	24.28	147.50	35.50	126.00	101.83
Loan from directors repaid	(29.34)	(147.50)	(35.50)	(76.40)	(112.43)
Loan received from other company	-	-	-	91.69	62.29
				(51.69)	55.79
Repayment of loans from other company	-	-	-	-	-
Loan given to other company	-	-	(42.92)	(164.40)	(167.48)
Loan repaid by other company	-	-	42.92	126.66	-
Interest received on loan given to other company	-	-	1.46	-	-
Preference dividend paid	-	(0.00)*	-	-	(0.02)
Interim dividend paid	(19.83)	-	(63.02)	(186.88)	(138.49)
Dividend taxes paid	(2.78)	(0.00)*	(10.71)	(31.76)	(23.54)
Share issue expenses	-	-	(23.30)	-	-
Financial expenses paid	(16.28)	(34.89)	(49.95)	(143.91)	(313.71)
<b>Net cash (used in)/ generated from financing activities (C)</b>	<b>190.50</b>	<b>195.23</b>	<b>279.32</b>	<b>648.82</b>	<b>1,040.23</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>107.09</b>	<b>146.62</b>	<b>169.56</b>	<b>551.55</b>	<b>176.72</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>32.38</b>	<b>139.47</b>	<b>286.09</b>	<b>455.65</b>	<b>1007.20</b>
Cash and cash equivalents acquired on amalgamation	-	-	-	-	304.13
<b>Cash and cash equivalents at the end of the year</b>	<b>139.47</b>	<b>286.09</b>	<b>455.65</b>	<b>1,007.20</b>	<b>1,488.05</b>
<b>Cash and cash equivalents at the year end comprise:</b>					
Cash in hand	0.51	0.85	0.81	1.22	2.77
Balances with scheduled banks:					
- On current accounts	18.86	59.80	18.32	29.76	19.89
- In other accounts	120.10	225.44	436.52	976.22	1,465.39
	<b>139.47</b>	<b>286.09</b>	<b>455.65</b>	<b>1,007.20</b>	<b>1,488.05</b>

\* Provision for preference dividend and provision for preference dividend tax is Rs. 4,452 and Rs. 624 respectively and are shown as Nil due to rounding off.

# Securities premium is Rs. 2,700 and is shown as Nil due to rounding off.

**Significant accounting policies for the period ended 31 October 2009***(a) Principles of Consolidation*

The consolidated financial information is prepared solely for the purpose of their inclusion in the Draft Red Herring Prospectus, in accordance with the principles and procedures prescribed by Accounting Standard 21-“Consolidated Financial Statements” (‘AS-21’) prescribed by the Companies (Accounting Standards) Rules, 2006, for the purposes of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions resulting in unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered in full. The amounts shown in respect of accumulated reserves comprise the amount of the relevant reserves as per the balance sheet of the Company and its share in the post acquisition reserves of its subsidiaries. Goodwill arising on consolidation represents the excess of cost of investments to the Company over the Company’s portion of equity of the respective subsidiaries, at the date on which investment in the subsidiary is made.

*(b) Basis of accounting*

The financial statements are prepared and presented under the historical cost convention (except for revaluation of land situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable.

*(c) Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

*(d) Revenue recognition*

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Revenue from services is recognised on rendering of services to customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

Revenue from long-term construction contracts in accordance with Accounting Standard-7 on “Construction Contracts” is recognized using the percentage of completion method.

Percentage of completion method is determined as a proportion of cost incurred to date to the total estimated contract cost. Where the total cost of the contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such excess is provided during the year / period.

*(e) Fixed assets and capital work-in-progress*

Fixed assets, including capital work in progress, are stated at cost of acquisition or construction less accumulated depreciation except for land situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019 which is stated at revalued cost less accumulated depreciation. Such revaluation has been done by an independent valuer. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

*(f) Borrowing cost*

Financing costs relating to borrowed funds attributable to construction or acquisition of qualifying assets for the period up to the completion of construction or acquisition of such assets are included in the cost of the assets.



*(g) Impairment*

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

*(h) Depreciation*

Depreciation is provided on a pro-rata basis under the straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Rates of depreciation (where different from the rates prescribed in Schedule XIV to the Companies Act, 1956) have been derived on the basis of the following estimated useful lives:

	Estimated useful life (in years)
Office equipments	3-6
Furniture and fixtures	3-5
Vehicles	2-10
Temporary sheds at project sites (To coincide with the project period)*	1-5
Patterns	3
Shuttering and Scaffolding **	4
Office building *	28.44

\*Included in Buildings in the financial statements

\*\*Included in Plant and Machinery in the financial statements

The revalued cost of land, revalued on the date of acquisition has been considered as the carrying cost for the purposes of computing amortization of such asset.

Computers of Tecpro Systems (Singapore) Pte. Limited, subsidiary of the Company, are depreciated at 33.33% under the straight line method.

The rates of depreciation used reflect the useful lives of assets.

Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period of lease or the useful life of the underlying asset, whichever is less.

Depreciation on additions is being provided on a pro rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year/period is being provided up to the date on which such assets are sold/disposed off.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

*(i) Intangible assets*

Intangible assets comprise computer software and technical know-how and are stated at cost, including taxes, less accumulated amortisation. Computer software is amortised on a straight line basis over three years. Technical know-how is amortised on a straight line basis over its estimated useful life of 50 months, being the period over which the Company expects to derive economic benefits from the use of the technical know-how.

*(j) Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis.





In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Contract work in progress includes contract costs that relate to future activity on the long term construction contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract performance and excludes the materials which have been made specifically for such contracts.

*(k) Foreign currency transactions*

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arising on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognised in the Profit and Loss Account.

Foreign currency transactions of integral foreign operations are accounted for as per Accounting Standard -11 (AS 11) on “Effects of Changes in Foreign Exchange Rates” prescribed by the Companies (Accounting Standards) Rules, 2006.

Translation in respect of integral foreign operations:

- i. Foreign currency monetary items are translated at the closing rates and the resulting exchange difference is reflected in the Profit and Loss Account. Monetary items include cash, bank balances, loans and advances and current liabilities.
- ii. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items include fixed assets and investment in equity shares and share application money.
- iii. Income and expense items in foreign currency are recorded at the rates of exchange prevailing on the date of transaction.
- iv. Exchange differences arising on settlement and translation of foreign currency assets and liabilities at the end of the financial year/period are recognised as income or expenses in the period in which they arise.

*(l) Provisions and contingencies*

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

*(m) Taxation*

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

TI FZE, a subsidiary of the Company has been incorporated in a tax free zone in United Arab Emirates. Hence, no tax liability to be provided in the books.

*(n) Employee benefits*

1. All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the profit and loss account in the period in which the employee renders the related service.
2. Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account.



3. Superannuation fund is a defined contribution scheme. The Company contributes to schemes administered by the Life Insurance Corporation of India ('LIC') to discharge its superannuation liabilities. The Company's contribution paid/payable under the scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.
4. Gratuity costs are defined benefits plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year.

The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

5. Benefits under the Company's leave encashment scheme constitute other long term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's leave encashment fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation, to recognize the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account.

*(o) Investments*

Long term investments are valued at cost. Any decline other than temporary, in the value of long-term investments, is adjusted in the carrying value of such investments. Diminution, if any, is determined individually for each long-term investment. Current investments are valued at the lower of cost and fair value of individual scrips.

*(p) Earnings per share*

Basic earnings per share are computed by dividing the net profit/(loss) for the year/period attributable to the equity shareholders with the weighted average number of equity shares outstanding during the year/period. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year/period, except where the results would be anti-dilutive.

*(q) Leases*

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.



*r) Events occurring after the balance sheet date*

Adjustment to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amount of assets and liabilities relating to condition existing at the balance sheet date.



# Annexure V

Notes to consolidated summary statement of profit and loss, as restated (Annexure I) and consolidated summary statement of assets and liabilities, as restated (Annexure II) of Tecpro Systems Limited and its subsidiaries

- Below mentioned is the summary of results of adjustments / rectifications made in the Company's audited accounts of the respective years and its impact on profits and losses and assets and liabilities.

(Amounts in Rupees million)					
Adjustments [(income)/expense] in consolidated summary statement of profit and loss arising out of:	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
<b>A Changes in accounting policies/ correction of accounting policies (refer Note A) #</b>					
(a) Depreciation (refer Note 1)	0.04	0.04	0.04	0.04	0.02
(b) Accounting for preliminary and share issue expenses (refer Note 2)	0.19	-	-	-	-
(c) Revenue recognition (sales net of cost) (refer Note 3)	2.28	-	-	-	-
(d) Accounting for restatement of foreign currency balances (refer Note 4)	(0.45)	-	-	-	-
(e) Accounting for gratuity and leave encashment expenses (refer Note 5)	(1.10)	-	-	-	-
<b>Total</b>	<b>0.96</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.02</b>
<b>Effect of adjustments in A on tax ##</b>					
(a) Provision for current tax	(0.14)	(0.02)	0.27	(2.64)	-
(b) Deferred tax charge/ (release)	0.40	(0.50)	(0.03)	(0.47)	0.29
<b>B Prior period items (refer Note B) ##</b>					
(a) Provision for current tax	(5.36)	1.34	1.10	0.56	(4.30)
(b) Provision for fringe benefit tax	-	0.58	(0.32)	(0.17)	(0.09)

# Figures in brackets represent decrease in the profits.

## Figures in brackets represent release to the Profit and Loss Account.

(Amounts in Rupees million)					
Cumulative effect of above [increase/ (decrease)] in consolidated summary statement of assets and liabilities:	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b>A Changes in accounting policies/ correction of accounting policies (Refer Note A)</b>					
(a) Reserves and surplus	(0.46)	0.09	(0.11)	3.04	2.77
(b) Deferred tax liability	0.43	(0.07)	(0.10)	(0.57)	(0.28)
(c) Current liabilities and provision (refer Note 5)	(0.33)	(0.35)	(0.12)	(2.72)	(2.73)
(d) Fixed assets (refer Note 1)	(0.36)	(0.33)	(0.29)	(0.25)	(0.23)
<b>B Prior period items (refer Note B)</b>					
(a) Reserves and surplus	(1.29)	(3.21)	(4.00)	(4.39)	-
(b) Current liabilities and provisions	1.29	3.21	4.00	4.39	-



**Notes to consolidated summary statement of profit and loss, as restated (Annexure I) and consolidated summary statement of assets and liabilities, as restated (Annexure II) of Tecpro Systems Limited and its subsidiaries (continued)**

**A. Changes in accounting policies / correction of incorrect accounting policies**

*1) Depreciation*

In respect of assets costing less than Rs. 5,000, depreciation upto 31 March 2005, was not being charged at rates prescribed in Schedule XIV to the Companies Act, 1956 in the accounts of the Company. Accordingly, depreciation on such assets has been recomputed as per the rates prescribed in Schedule XIV to the Companies Act, 1956 for the relevant years and consequently, adjustments have been made in the summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated for the year ended 31 March 2005 with consequential impact on consolidated summary statement of profit and loss, as restated and the *consolidated summary statement of assets and liabilities*, as restated for the years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009.

*2) Miscellaneous expenditure to the extent not written off*

With effect from 1 April 2005, the Company adopted the accounting policy of writing off preliminary expenses comprising Registrar of Companies (ROC) fees, stamp duty charges, etc., in the year in which they were incurred. Accordingly, such expenses were written off in the accounts. Upto the year ended 31 March 2005, such expenses were being amortised and the unamortised balance was carried forward under the head 'Miscellaneous expenditure to the extent not written off'. However, for the purposes of consolidated summary statement of profit and loss, as restated, and the *consolidated summary statement of assets and liabilities*, as restated, such expenses have been written off in the years in which they were incurred with consequential impact on the year ended 31 March 2006.

*3) Revenue recognition*

In respect of domestic sales, the Company recognised revenue when goods were invoiced on despatch to customers for the financial years ended on 31 March 2005. Recognition of revenue on despatch in respect of domestic sales, read with certain other conditions in sales contracts, was not appropriate in those cases where significant risks and rewards of ownership in goods did not pass to the buyer on despatch.

Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the year ended 31 March 2005 with consequential impact on the year ended 31 March 2006. The impact of these adjustments has been reflected in consolidated sales, debtors, inventories and increase/ (decrease) in inventories as at and for the year ended 31 March 2006 and is tabulated below:

<b>(Amounts in Rupees million)</b>	
<b>Year ended 31 March 2006</b>	
<u>Profit and loss account</u>	
(Increase)/ decrease in sales	(17.87)
Increase/ (decrease) in inventory	15.59
<u>Balance Sheet</u>	
Increase/ (decrease) in debtors	-
Increase/ (decrease) in inventory	-
(Increase)/ decrease in opening reserves	2.28

*4) Foreign currency transactions*

For the year ended 31 March 2006, the Company had, in accordance with Accounting Standard 11 on "The Effects of Changes in Foreign Exchange Rates" prescribed by the Companies (Accounting Standards) Rules, 2006, restated monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date at the rates of exchange prevailing on that date. For the year ended 31 March 2005, no such restatements were recorded in the audited financial statements. Accordingly, adjustments on account of the above restatements have been made in the summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated for the year ended 31 March 2005 with consequential impact on consolidated summary statement of profit and loss, as restated and *consolidated summary statement of assets and liabilities*, as restated, for the year ended 31 March 2006.

*5) Provision for gratuity and leave encashment*



The Company has adopted Accounting Standard 15 (Revised) “Employee Benefits” [AS 15(Revised)] prescribed by Companies (Accounting Standards) Rules, 2006, for computing provision for gratuity and provision for leave encashment for the year ended 31 March 2008. Accordingly, provision for gratuity and provision for leave encashment has been recomputed on the basis of AS 15 (Revised) for each preceding year and consequently the adjustments have been made in the consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated for the years ended 31 March 2006. Further, for the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the year ended 31 March 2005, an adjustment has been made in the opening reserves as at 1 April 2004 with the consequential impact on the year ended 31 March 2005. Accordingly, consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated for the years presented are after taking effect of the above adjustments.

## **B. Prior period items**

In the financial statements for the year ended 31 March 2006, income tax expense pertaining to the years ended 31 March 2005 and 31 March 2003 has been disclosed as a prior period items. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, income tax expense pertaining to the year ended 31 March 2005 has been appropriately adjusted in the respective year and income tax expense pertaining to the year ended 31 March 2003 has been adjusted from the opening reserves as at 1 April 2004. Accordingly, consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated for the years presented are after taking effect of the above adjustments.

In the financial statements for the year ended 31 March 2007, income tax expense pertaining to the year ended 31 March 2006 and 31 March 2004 has been disclosed as a prior period item. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, income tax expense pertaining to the year ended 31 March 2006 has been appropriately adjusted in the respective year and income tax expense pertaining to the year ended 31 March 2004 has been adjusted from the opening reserves as at 1 April 2004. Accordingly, consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated for the years presented are after taking effect of the above adjustments.

In the financial statements for the year ended 31 March 2008, income tax expense pertaining to the years ended 31 March 2007 and 31 March 2005 and fringe benefit tax expense pertaining to the year ended 31 March 2007 has been disclosed as a prior period items. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years. Accordingly, consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated for the years presented are after taking effect of above adjustment.

In the financial statements for the year ended 31 March 2009, income tax expense pertaining to the years ended 31 March 2008 and 31 March 2005 and fringe benefit tax expense pertaining to the year ended 31 March 2008 has been disclosed as a prior period items. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years. Accordingly, consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated for the years presented are after taking effect of above adjustment.

In the financial statements for the seven months period ended 31 October 2009, income tax expense and fringe benefit tax expense pertaining to the year ended 31 March 2009 has been disclosed as prior period items. For the purposes of consolidated summary statement of profit and loss, as restated and the consolidated summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the respective years.

## **C. Taxation**

Provision for taxation (income tax and deferred tax) for the respective years has been computed on the above adjusted profits on the basis of the rates applicable to the respective years.

## **2. Other audit qualifications, which do not require any corrective adjustments in the consolidated financial information, are as follows:**

### **1) Financial year ended 31 March 2006 of the Company**



- (a) The Company needs to strengthen its internal audit system to make it commensurate with the size and nature of its business.
- (b) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

**2) Financial year ended 31 March 2007 of the Company**

- (a) As required by the Companies Act, 1956, Blossom Automotive Private Limited, wholly subsidiary of the Company, has not taken the prior approval of the Central Government under Section 295, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from the State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after 31 March 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act, 1956. The final hearing of the application is pending with the Central Government.

The financial statements of the Company for the year ended 31 March 2007, approved by the Board of the Company on 4 June 2007, have been revised on 22 August 2007 to include the above matter.

For status update also refer point 3a) of note 2 of Annexure V.

- (b) The Company has an internal audit system. However, the scope and coverage needs to be enhanced to make it commensurate with the size and nature of its business.
- (c) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

**3) Financial year ended 31 March 2008 of the Company**

- (a) As required by the Companies Act, 1956, Blossom Automotive Private Limited, wholly owned subsidiary of the Company, had not taken the prior approval of the Central Government under Section 295 in the previous year, for the guarantee and collateral security provided by Blossom Automotive Private Limited with respect to credit facilities obtained and loans taken by the Company from State Bank of India. The Company, Blossom Automotive Private Limited and their respective officers after 31 March 2007, have however taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by Blossom Automotive Private Limited and have filed an application for compounding of the said violation under the Companies Act, 1956. The final hearing of the application is pending with the Central Government.

Subsequent to the approval of accounts for the year ended 31 March 2008 by the Board of directors, the Company Law Board (CLB), on 6 June 2008, has compounded the petition filed by the Company and its officers. The CLB had ordered the payment of compounding fees aggregating Rs. 0.05 million to be paid by the Company and its officers. The payment for the same has been made.

- (b) There were certain instances of delays in depositing undisputed advance income tax dues during the year.

There were delays in depositing undisputed advance income tax dues amounting to Rs. 8.31 million during the year that were in arrears as at 31 March 2008 for a period of more than six months from the date they became payable.

**4) Financial year ended 31 March 2009 of the Company**

- (a) There were certain instances of delay in depositing undisputed advance income tax dues during the year. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

**5) Financial period ended 31 October 2009 of the Company**

The corresponding figures to the profit and loss account, the cash flow statement and notes to the accounts for the period 1 April 2008 to October 2008 have not been presented as required by Accounting Standard – 25 on 'Interim Financial Reporting prescribed under Companies (Accounting Standards) Rules, 2006.

**6) Financial year ended 31 March 2009 of Tecpro Power Systems Limited (subsidiary of the Company)**





- (a) TPSL does not have an internal audit system
- (b) There were delays in depositing undisputed advance income tax dues during the year.  
Undisputed advance income tax dues amounting to Rs. 3.11 million were in arrears as at 31 March 2009 for a period of more than six months from the date they became payable.

**3. No adjustments and regroupings were required to be made to the statement of profits and losses, statements of assets and liabilities and statements of cash flows of the subsidiaries.**

**4. Goodwill on consolidation as on 31 October 2009 comprises the following:**

<b>(Amounts in Rupees million)</b>	
<b>Name of the Subsidiary</b>	<b>Goodwill</b>
1. Tecpro Energy Limited	0.36
2. Ajmer Waste Processing Company Private Limited	2.87
3. Tecpro Trema Limited	4.45
4. Tecpro Systems (Singapore) Private Limited	0.14
5. Bikaner Waste Processing Company Private Limited	4.03
<b>Total</b>	<b>11.85</b>

**5. Notes on Consolidation**

The consolidated financial information comprising consolidated summary statement of profits and losses, as restated, consolidated summary statement of assets and liabilities, as restated and consolidated statement of cash flows, as restated, includes the financial statements of Tecpro Systems Limited ('TSL' or 'the Company') and its subsidiaries, Tecpro Energy Limited ('TEL'), Tecpro Power Systems Limited (amalgamated with the Company w.e.f 1 April 2009 pursuant to the scheme of amalgamation) ('TPSL'), Blossom Automotive Private Limited (amalgamated with the Company w.e.f 1 April 2008 pursuant to the scheme of amalgamation) ('BAPL'), Tecpro International FZE ('TI FZE'), Tecpro Trema Limited ('TTL'), Ajmer Waste Processing Company Private Limited ('AWPCPL'), Tecpro Systems (Singapore) Pte. Limited ('TSSPL') and Bikaner Waste Processing Company Private Limited ('BWPCPL') for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009.

The accounts of TEL have been consolidated with the accounts of the Company from 24 March 2006, being the date on which the Company acquired the ownership interest in TEL. The Company's equity shareholding in TEL is 98.02 % (i.e. 645,000 equity shares) as at 31 October 2009. TEL has been incorporated in India.

The accounts of BAPL have been consolidated with the accounts of the Company from 17 October 2006, being the date on which the Company acquired the ownership interest in BAPL. BAPL was a wholly owned subsidiary of the Company upto 31 March 2008. W.e.f 1 April 2008, BAPL has been amalgamated with the Company pursuant to the scheme of amalgamation. (refer to point 4 b) of note 6 of Annexure V). BAPL has been incorporated in India.

The accounts of TI FZE have been consolidated with the accounts of the Company from 19 August 2006, being the date on which the Company acquired the ownership interest in TI FZE. The Company holds 2 equity shares in TI FZE. TI FZE is a wholly owned subsidiary of the Company. TI FZE has been incorporated in United Arab Emirates.

The accounts of TPSL have been consolidated with the accounts of the Company from 23 February 2007, being the date on which the Company acquired the ownership interest in TPSL. TPSL was a subsidiary of the Company upto 31 March 2009. W.e.f 1 April 2009, TPSL has been amalgamated with the Company pursuant to the scheme of amalgamation. (refer to point 5 a) of note 6 of Annexure V). TPSL has been incorporated in India.

The accounts of TTL have been consolidated with the accounts of the Company from 18 June 2007, being the date on which the Company acquired the ownership interest in TTL. The Company's equity shareholding in TTL is 51 % (i.e. 76,500 equity shares) as at 31 October 2009. TTL has been incorporated in India.





The accounts of AWPCPL have been consolidated with the accounts of the Company from 3 May 2007, being the date on which the Company acquired the rights to control the composition of board of directors in AWPCPL. The Company's equity shareholding in AWPCPL is 49 % (i.e. 49,000 equity shares) as at 31 October 2009. AWPCPL has been incorporated in India.

The accounts of TSSPL have been consolidated with the accounts of the Company from 13 July 2007, being the date on which the Company acquired the ownership interest in TSSPL. TSSPL is a wholly owned subsidiary of the Company. The Company holds 824,000 equity shares of TSSPL as at 31 October 2009. TSSPL has been incorporated in Singapore.

The accounts of BWPCPL have been consolidated with the accounts of the Company from 4 January 2008, being the date on which the Company acquired the ownership interest in BWPCPL. BWPCPL is a wholly owned subsidiary of the Company. The Company holds 30,000 equity shares of BWPCPL as at 31 October 2009. BWPCPL has been incorporated in India.

## 6. Other significant notes (based on audited financial statements of the Company and its subsidiaries)

Tecpro Systems Limited ('TSL' or 'the Company') was incorporated as a private limited company on 7 November 1990. The Company started its operations during the year ended 31 March 2002. The Company started to supply material handling systems, viz. idlers, conveyors and conveyor components during the year. The Company was also engaged in fabrication work related to the above systems.

### 1) YEAR ENDED 31 MARCH 2006

- a) The Company commissioned its plant at Bawal, Haryana. This plant is mainly used to manufacture crushers, roller screens and structures.
- b) The Company has allotted 10 equity shares of Rs. 10 each at a premium of Rs. 90 per share and 499,990 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each of the Company to Avigo Venture Investments Limited and has allotted 20 equity shares and 999,980 CCPS to Metmin Investments Holdings Limited on similar terms.

For conversion of CCPS, a conversion date has been defined in the agreement with preference shareholders. The conversion date means earliest of the following dates:

- (i) 30 September 2006.
- (ii) 30 days from the adoption of annual accounts in respect of the year ended 31 March 2006.
- (iii) the date immediately preceding the date of filing of an offer document for the Company's Initial Public Offer.
- (iv) the date immediately preceding the decision of the Company proposing specified liquidity event or corporate restructuring event or material breach of the shareholders agreement by the promoters (i.e. Mr. Amul Gabrani and Mr. Ajay Kumar Bishnoi) of the Company.

Conversion price for CCPS will be determined on the basis of pre money valuation of Rs. 77 Crores or 8 (eight) times the profit after tax for the year ended 31 March 2006 less any amount of dividend declared/paid for the financial year 2005-06 or financial year 2004-05 or financial year 2003-04 and any other long term debt, whichever is lower, subject to the condition that a minimum of 370,200 equity shares of Rs. 10 each shall be issued to the preference shareholders on the conversion of CCPS.

- c) Tecpro Energy Limited (TEL), a subsidiary of the Company (with effect from 24 March 2006), is an engineering company formed with an objective of generation, production, manufacturing, transmission, supply and distribution of electric power to different categories of consumers. TEL has not yet commenced commercial operations.

TEL was incorporated as a private limited company on 9 June 2005 under the name of "Tecpro Manufacturing Private Limited". The name was changed to "Tecpro Energy Private Limited" vide fresh Certificate of Incorporation dated 27 June 2006. On 30 May 2007, it was converted into a public limited company and the name was changed to "Tecpro Energy Limited" vide a 'fresh certificate of incorporation consequent upon change of name on conversion to public limited company'.

### 2) YEAR ENDED 31 MARCH 2007

- a) *Redemption of 0.01% Cumulative Convertible Preference Shares by the Company*

During the year ended 31 March 2007, the Company had converted its 1,499,970, 0.01% cumulative convertible preference shares (CCPS) of Rs. 100 each into 387,500 equity shares of Rs. 10 each at a premium of Rs. 377.09 per share.



The above conversion price for CCPS was determined on the basis of eight times the profit after tax for the year ended 31 March 2006 less the amount of dividend declared/paid for the financial years ended 2005-06, 2004-05, 2003-04 and any other long term debt, as per the terms of shareholder agreement dated 10 December 2005 executed between the promoters (i.e. Amul Gabrani and Ajay Kumar Bishnoi) of the Company, the Company and the foreign investors (i.e. Avigo Venture Investments Limited and Metmin Investments Holdings Limited) of the Company.

- b) Tecpro Power Systems Limited (TPSL), a subsidiary of the Company (with effect from 23 February 2007), has been formed with the objective of purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems.

TPSL was incorporated as a private limited company on 21 October 2005 under the name of "Tecpro Power Systems Private Limited". On 30 May 2007, the Company was converted into a public limited company and the name was changed to "Tecpro Power Systems Limited" vide a 'fresh certificate of incorporation consequent upon change of name on conversion to public limited company'.

- c) During the year ended 31 March 2007, TPSL has received Rs. 32 million from Metmin Investments Holdings Limited (MIHL) towards share application money which is pending allotment as at the year end. These shares are pending allotment as at 31 March 2008.
- d) Blossom Automotive Private Limited (BAPL) was made a subsidiary of the Company with effect from 17 October 2006, with the primary objective of setting up a plant at the leasehold land belonging to BAPL. This plant is mainly used to manufacture Idlers, Pulleys and Structures.

On 17 October 2006, being the date on which investment was made into BAPL by the Company, fair market valuation has been carried out of the leasehold land at the Bhiwadi factory by an independent valuer. As per the valuation report, the fair market of the land has been assessed at Rs. 114.314 million. Accordingly, the leasehold land has been appreciated by Rs. 76.086 million.

- e) Tecpro International FZE (TI FZE), a subsidiary of the Company (with effect from 19 August 2006), is registered in the Jebel Ali Free Zone, Dubai pursuant to Dubai Law No. (9) of 1992 and the Implementing Regulations No. 1/92 issued thereunder by the Jebel Ali Free Zone Authority. The principal activity of TI FZE is dealing in turnkey projects, material handling systems, crushing and screening plants, industrial products and all engineering and non engineering goods. The principal place of business of TI FZE is located at Jebel Ali Free Zone, Dubai. TI FZE was incorporated as a limited liability company on 19 August 2006.
- f) Contingent Liabilities as at 31 March 2007
  - 1. Guarantees given on behalf of another company amounting to Rs. 60 million.
  - 2. Bills discounted (including cheques discounted) with recourse amounting to Rs. 47.61 million.

### 3) Year ended 31 March 2008

- a) Tecpro Trema Limited (TTL), a subsidiary of the Company (with effect from 18 June 2007), is an engineering Company providing services of design, engineering, procurement, construction and maintenance for air and gas pollution control systems attached to the industrial plants. TTL was incorporated in August 1999 as a 50:50 joint venture between Trema V. GMBH ("TVG") and R. Jaishankar, P.R. Shankar ("Indian shareholders"). The Company acquired the entire shareholding (i.e. 75,000 shares) of the Indian shareholders and 1 % equity share capital (i.e. 1,500 shares) from TVG.

TTL was incorporated as a private limited company under the Companies Act, 1956 on 11 August 1999 as Trema RJA Processes Private Limited. Its name was subsequently changed to Tecpro Trema Private Limited and a fresh certificate of incorporation was issued on 4 October 2007. The name of the company was further changed to Tecpro Trema Limited upon its conversion to a public limited company and a fresh certificate of incorporation was issued on 13 October 2008.

- b) Ajmer Waste Processing Company Private Limited ('AWPPL'), a subsidiary of the Company (with effect from 3 May 2007), has been formed with the objective of manufacturing Refused Derived Fuel (RDF) from municipal solid waste supplied by Ajmer Municipal council.
- c) Tecpro Systems (Singapore) Pte. Limited ('TSSPL'), a subsidiary of the Company (with effect from 13 July 2007), has been incorporated for carrying out marketing activities of the Company.
- d) Bikaner Waste Processing Company Private Limited (BWPCPL), is a wholly owned subsidiary of the Company (with effect from 4 January 2008). BWPCPL is in the business of manufacturing Refused Derived Fuel (RDF) from municipal solid waste supplied by Bikaner Municipal Council. BWPCPL was incorporated on 8 March 2007.
- e) During the year, the Company incurred share issue expenses amounting to Rs. 23.30 million in connection with the filing of the offer document for the proposed public issue of equity shares of the Company. In accordance with the provisions



of Section 78 of the Companies Act, 1956, these expenses have been charged off against the available balance in the 'Securities Premium' account.

f) Contingent liabilities as at 31 March 2008

1. Guarantees given to the bank by the Company on behalf of Tecpro Power Systems Limited (subsidiary of the Company) amounting to Rs. 950 million.
2. Guarantees given to the bank by the Company on behalf of Tecpro Ashtech Limited (promoter group company) amounting to Rs. 950 million.
3. Blossom Automotive Private Limited, a subsidiary of the Company, has given a collateral security to the banks by creating an equitable mortgage over an industrial plot belonging to them for facilities taken from banks with a limit of Rs. 3,300 million.
4. Bills discounted (including cheques discounted) with recourse amounting to Rs. 37.45 million.
5. Demand for additional price/ enhancement cost in respect of factory plots situated in Bawal Rs. 6.16 million.
  - The factory plots belonging to the Company, situated at Bawal were allotted by the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.
  - The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/ enhancement cost amounting to Rs. 6.16 million in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 8 January 2008 and has obtained a stay order on 9 January 2008. Pursuant to above, Rs. 6.16 million has been disclosed as 'Contingent liability'.
6. Sales tax liability against pending "C" forms amounting to Rs. 57.32 million.

- g) During the year ended 31 March 2007, TPSL had received Rs. 32 million from Metmin Investments Holdings Limited ("MIHL"), Mauritius towards share application money, allotment of which was pending as on 31 March 2008.

According to the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) (Third Amendment) Regulations, 2007, issued by the Reserve Bank of India ("RBI") on 29 November 2007, a company is required to issue securities to a person resident outside India within 180 days of the receipt of the inward remittance. In all cases where, as on 28 November 2007, 180 days have elapsed since receipt of funds and the securities have not been issued, the companies are required to approach the RBI with a definite action plan for allotment of securities.

With respect to the share application money received from MIHL, the period of 180 days had elapsed as at 28 November 2007. TPSL had obtained an extension from the RBI (vide RBI letter dated 29 April 2008) till 14 May 2008 for allotment of shares against the above share application money. Pursuant to above, TPSL has on 9 May 2008, allotted 320,000 0.01% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 100 each at par to MIHL after making appropriate revisions to authorised share capital.

For status update, also refer point 4(d) of note 6 of Annexure V.

**4) Year ended 31 March 2009**

- a) The Company had acquired Blossom Automotive Private Limited ("BAPL" or "Blossom"), owner of industrial land and building in Bhiwadi with effect from 17 October 2006. Pursuant to the above, BAPL has become a wholly owned subsidiary of the Company. Subsequent to 17 October 2006, BAPL has given corporate guarantee and collateral security (created by an equitable mortgage on the property of BAPL situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019) for the credit facilities, short term corporate loan and term loan taken by the Company from State Bank of India.

Based on the legal advice from a renowned practicing Company Secretary, Blossom Automotive Private Limited (BAPL), wholly subsidiary of the Company had not obtained prior approval of the Central Government as required under Section 295 of the Companies Act, 1956 for providing guarantee and collateral security (created by an equitable mortgage on the property of BAPL situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301 019), with respect to credit facilities obtained by the Company from the State Bank of India during the period between December, 2006 to June, 2007. Subsequently, based on another legal advice BAPL, the Company and their respective officers had taken suitable actions in this matter including causing of vacation of the charge created over the said property, release of guarantee provided by BAPL and filing of applications for compounding of the said violation under Section 621A of the Companies Act, 1956 before the Company Law Board. The matter has been compounded by the



Company Law Board, New Delhi Bench vide its order dated 7 August 2008. The compounding order was filed with the Registrar of Companies on 13 August 2008.

### **Amalgamation of Blossom Automotive Private Limited with Tecpro Systems Limited**

- b) The Hon'ble High Court of Delhi and the Hon'ble High Court of Rajasthan have approved the Scheme of Amalgamation of Company's wholly owned subsidiary Blossom Automotive Private Limited (Transferor company or Blossom) with Tecpro Systems Limited ("Transferee Company or Company or TSL") on 22 May 2009 and 10 July 2009 respectively. The Orders of the Hon'ble High Courts of Delhi and Rajasthan were duly filed with the respective Registrar of Companies and the Scheme of Amalgamation became effective on 10 September 2009.

Blossom owns the factory premises at Bhiwadi in Rajasthan which had been exclusively let out to Tecpro Systems Limited for carrying out manufacturing operations.

### **Salient features of the scheme**

The salient features of the scheme of amalgamation of Blossom with the Company are as follows:

- The Appointed Date in the Scheme for the amalgamation is 1 April 2008.
- On and from the Appointed Date, authorised share capital of the Transferor Company has been merged with those of the Transferee Company.
- The undertaking of the Transferor Company to vest in the Company subject to encumbrances, charges if any.
- All suits, claims, actions and proceedings by or against the transferor company pending and / or arising on or before the effective date shall be continued and be enforced by or against the transferee company as effectually as the same had been instituted by or pending against the Transferee Company.
- Upon the scheme becoming effective, any loan or other obligation due between or amongst the Transferor Company and the Transferee Company, if any, shall stand discharged and there shall be no liability in that behalf.

### **Consideration**

Transferor Company was a wholly owned subsidiary of the Transferee Company. On the appointed date, the entire equity share capital of the Transferor Company was held by the Transferee Company. On amalgamation of the transferor company and the transferee company, the share capital of the Transferor Company will be extinguished since all the shares of the transferor company are held by the transferee company. Since, the transferor company is a wholly owned subsidiary of the transferee company, no shares will be issued by the transferee company to the shareholders of the transferor company as a result of amalgamation.

### **Accounting treatment**

- The Company has accounted for the merger in its books as per the Pooling of Interest Method of Accounting prescribed under the Accounting Standard 14 – "Accounting for Amalgamation" in respect of both the schemes.
- All the assets and liabilities recorded in the books of the Blossom (referred to as transferor companies hereafter) have been transferred to and vested in Tecpro Systems Limited (the Company / the transferee company) pursuant to the Scheme and have been recorded by the Transferee Company at their book values as appearing in the books of the Transferor Companies
- On and from the Appointed Date, the reserves and the balance in the Profit and Loss Account of the Transferor Companies have been merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Companies.
- As mentioned in note 5 of Annexure V, BAPL was a wholly owned subsidiary of the Company up to 31 March 2008. Accordingly, the accounts of BAPL have been consolidated with the accounts of the Company from 17 October 2006, being the date on which the Company acquired the ownership interest in BAPL. Pursuant to this scheme of amalgamation, for the purpose of consolidated summary statement of profit and loss, as restated and consolidated summary statement of assets and liabilities, as restated appropriate adjustments have been made in the year ended 31 March 2009 and period ended 31 October 2009.
- The difference between the amount recorded as investments in the Transferee Company and the amount of share capital of Blossom, on amalgamation, is to be adjusted in the reserves in the books of the Transferee Company.



#### Computation of amount adjusted in General Reserves pursuant to the schemes of amalgamation

Particulars	Amount in Rupees million
Shareholding of Blossom as at 1 April 2008 held by TSL	4.00
Investments in TSL books as at 1 April 2008	127.20
Adjustment in General reserves	(123.20)

#### c) Contingent liabilities as at 31 March 2009

- Guarantees given to the bank on behalf of Tecpro Power Systems Limited (subsidiary of the Company) amounting to Rs. 950 million.
- Guarantees given to the bank by the Company on behalf of Tecpro Ashtech Limited (promoter group company) amounting to Rs. 2,600 million.
- Bills discounted (including cheques discounted) with recourse amounting to Rs. 175.42 million.
- Demand for additional price/ enhancement cost in respect of factory plots situated in Bawal Rs. 6.16 million
  - The factory plots belonging to the Company, situated at Bawal were allotted by the Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.
  - The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/ enhancement cost amounting to Rs. 6.16 million in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 8 January 2008 and has obtained a stay order on 9 January 2008. The matter is pending adjudication. Pursuant to above, Rs. 6.16 million has been disclosed as 'Contingent liability'.
- Sales tax liability against pending "C" forms amounting to Rs. 257.65 million.
- Claims against the company not acknowledged as debt in respect of sales tax matters. The demand was raised on account of failure to furnish original statutory declaration forms amounting to Rs. 12.19 million.

#### d) During the year ended 31 March 2007, the TPSL had received Rs. 32 million from Metmin Investments Holdings Limited ("MIHL"), Mauritius towards share application money, allotment of which was pending as on 31 March 2008.

According to the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) (Third Amendment) Regulations, 2007, issued by the Reserve Bank of India ("RBI") on 29 November 2007, a company is required to issue securities to a person resident outside India within 180 days of the receipt of the inward remittance. In all cases where, as on 28 November 2007, 180 days have elapsed since receipt of funds and the securities have not been issued, the companies are required to approach the RBI with a definite action plan for allotment of securities.

With respect to the share application money received from MIHL, the period of 180 days had elapsed as at 28 November 2007. TPSL had obtained an extension from the RBI (vide RBI letter dated 29 April 2008) till 14 May 2008 for allotment of shares against the above share application money. Pursuant to above, the TPSL had on 9 May 2008, allotted 320,000, 0.01% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 100 each at par to MIHL after making appropriate revisions to authorised share capital. However on 28 March 2009 these 320,000, 0.01% CCCPS were converted into 3,200,000 equity shares of Rs. 10 each.

- During the current year, TPSL had issued 0.01% 1,999,900 compulsorily convertible cumulative preference shares (CCCPS) of face value of Rs. 100 each. These CCCPS are convertible on the following terms as stated in the agreement dated 29 April 2008 entered between Avigo Trustee Company Private Limited, Avigo Venture Investments Limited and promoters of the Company:
  - CCCPS shall be converted into equity shares at the post money equity valuation of the Company for the financial year ending 31 March 2010. The post money equity valuation of the Company shall be 4.5 times the audited Profit after tax of the Company for the financial year ending 31 March 2010. However, these preference shares shall convert into a minimum of such number of equity shares as shall represent ten percent of the equity share capital of the Company on a fully diluted basis as on the date of conversion on these preference shares.





2. Preference shares shall be converted into equity at any time after 31 March 2010, on the basis of a notice being given by the preference shareholders. However, they will be mandatorily converted into equity shares on the fifth anniversary of the "Closing date" as defined in the agreement.
- f) Company has during the year acquired leasehold rights of industrial plot along with structures thereon situated at Bhiwadi Industrial Area, Rajasthan from a party vide sale deed dated 15 January 2009 for setting up casting unit.

## 5) Period ended 31 October 2009

### a) Amalgamation of Tecpro Power Systems Limited and Tecpro Ashtech Limited with Tecpro Systems Limited

#### Background

The Hon'ble High Court of Bombay at Mumbai and the Hon'ble High Court of Delhi have approved the Scheme of Amalgamation of Tecpro Ashtech Limited (the First Transferor Company or TAL) and Tecpro Power Systems Limited (the Second Transferor Company or TPSL) with the Tecpro Systems Limited (the "Transferee Company" or "Company" or "TSL") vide their order dated 20 November 2009 and 4 March 2010 respectively. The First Transferor Company and the Second Transferor Company are hereinafter jointly referred to as "the Transferor Companies". The effective date of amalgamation being the last of the dates on which the certified copies of the orders of the High Courts have been filed with the Registrar of Companies at Mumbai and Delhi is 31 March 2010.

The First Transferor Company was engaged in the business of manufacture of ash handling equipments and undertakes turnkey projects for ash handling Systems. The Second Transferee Company was engaged in the business undertaking the Erection, Procurement and Construction contracts for setting up the power plants and also undertakes design and engineering services for power sector projects.

#### Salient features of the scheme

The salient features of the scheme of amalgamation of TAL and TPSL with the Company are as follows:

The Appointed Date in the Second Scheme for the amalgamation is 1 April 2009.

- On and from the Appointed Date, authorised share capital of both the Transferor Companies have been merged and reclassified with those of the Transferee Company.
- With effect from the Appointed Date, the whole of the undertakings of both the Transferor Companies, shall pursuant to provisions of Sections 394(2) and other applicable provisions of the Act, without any further act, instrument or deed be transferred to and be vested in the Transferee Company as a going concern so as to become the undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.
- All suits, claims, actions and proceedings by or against the transferor company pending and / or arising on or before the effective date shall be continued and be enforced by or against the transferee company as effectually as the same had been instituted by or pending against the Transferee Company.

#### Consideration

Pursuant to the Scheme the shareholders of Transferor Companies are entitled to the equity shares of the Transferee Company in the following ratio:

The shareholders of TAL:

- a. Equity shareholders - 100 Equity Shares of Rs.10 each of TSL, for every 299 equity shares of Rs.10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TAL, on the effective date.
- b. Preference shareholders - 16,570 Equity Shares of Rs.10 each of TSL for every 100 0.01% compulsorily convertible preference shares of Rs.100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TAL, on the effective date.

The shareholders of TPSL:

- a. Equity shareholders - 100 Equity Shares of Rs. 10 each of TSL for every 349 equity shares of Rs. 10 each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.
- b. Investments of TSL in TPSL appearing in the books of account of TSL will stand cancelled.



- c. Preference shareholders - 100 Equity Shares of Rs. 10 each of TSL, for every 280 0.01% compulsorily convertible cumulative preference shares of Rs. 100 each held by such preference shareholders or their respective heirs, executors or, as the case may be, successors in TPSL on the effective date.
- d. The equity shares of the Transferee Company to be issued to the members of each of the transferor companies shall be subject to the provisions of Articles of Association of the transferee company and shall rank parri-passu, in all respects with the existing equity shares of Transferee Company.

#### Equity shares issued pursuant to the scheme of amalgamation:

	TPSL		TAL		Total	
	Number of shares	Rupees	Number of shares	Rupees	Number of shares	Rupees
Nominal value of equity shares outstanding as on 1 April 2009 (Face value Rs. 10 each)	8,741,000	87,410,000	24,900,100	249,001,000	33,641,100	336,411,000
Issued during the year on 16 July 2009	13,700,000	137,000,000	-	-	13,700,000	137,000,000
Shareholding as on 31 October 2009	22,441,000	224,410,000	24,900,100	249,001,000	47,341,100	473,411,000
Shares held by TSL cancelled	10,200,000	102,000,000	-	-	10,200,000	102,000,000
Shares held by outsider as on 31 October 2009	12,241,000	122,410,000	24,900,100	249,001,000	37,141,100	371,411,000
<b>Equity shares to be issued pursuant to the scheme of amalgamation(A)</b>	<b>3,507,448</b>	<b>35,074,480</b>	<b>8,327,793</b>	<b>83,277,930</b>	<b>11,835,241</b>	<b>118,352,410</b>
Nominal value of compulsorily convertible preference shares outstanding as on 1 April 2009 and as on 31 October 2009 (Face value of Rs. 100 each)	1,999,900	199,990,000	24,000	2,400,000	2,023,900	202,390,000
<b>Equity shares to be issued pursuant to the scheme of amalgamation(B)</b>	<b>714,250</b>	<b>7,142,500</b>	<b>3,976,800</b>	<b>39,768,000</b>	<b>4,691,050</b>	<b>46,910,500</b>
<b>Total equity shares to be issued pursuant to the scheme of amalgamation (A+B)</b>	<b>4,221,698</b>	<b>42,216,980</b>	<b>12,304,593</b>	<b>123,045,930</b>	<b>16,526,291</b>	<b>165,262,910</b>

#### Accounting treatment

The Company has accounted for the merger in its books as per the Pooling of Interest Method of Accounting prescribed under the Accounting Standard 14 – “Accounting for Amalgamation” in respect of both the schemes.

- All the assets and liabilities recorded in the books of the TAL, TPSL (collectively referred to as transferor companies hereafter) have been transferred to and vested in Tecpro Systems Limited (the Company / the transferee company) pursuant to the Scheme and have been recorded by the Transferee Company at their book values as appearing in the books of the Transferor Companies;
- On and from the Appointed Date, the reserves and the balance in the Profit and Loss Account of the Transferor Companies have been merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Companies.
- As mentioned in note 5 of Annexure V, TPSL was a subsidiary of the Company up to 31 March 2009. Accordingly, the accounts of TPSL have been consolidated with the accounts of the Company from 23 February 2007, being the date on



which the Company acquired the ownership interest in TPSL. Pursuant to this scheme of amalgamation, for the purpose of consolidated summary statement of profit and loss, as restated and consolidated summary statement of assets and liabilities, as restated appropriate adjustments have been made in the period ended 31 October 2009.

- The difference between the share capital to be issued pursuant to the scheme of amalgamation and the amount of share capital of the transferor companies is to be adjusted in the reserves in the books of the Transferee Company.

**Computation of amount adjusted in General Reserves pursuant to the schemes of amalgamation**

Particulars	Amount in Rupees million
Nominal value of share capital (equity and preference) outstanding in the books of the Transferor Companies:	
TAL	251.40
TPSL (after elimination of Rs. 102,000,000 equity share capital held by TSL)	322.40
<b>Total (A)</b>	<b>573.80</b>
Nominal value of shares to be issued by the Company to the shareholders of the Transferor Companies	
TAL (123,045,930 equity shares of Rs. 10 each)	123.04
TPSL (4,221,698 equity shares of Rs. 10 each)	42.22
<b>Total (B)</b>	<b>165.26</b>
<b>Adjustment in General reserves (A-B)</b>	<b>408.54</b>

**Computation of adjustment to profit and loss account pursuant to schemes of amalgamation and pre acquisition loss of TPSL (erstwhile subsidiary)**

Particulars	Amount in Rupees million
Adjustments in Profit and (Loss) pursuant to schemes of amalgamation	
TAL - Balance in Profit and Loss account as at 1 April 2009	(83.91)
TPSL - Adjustment on account of pre acquisition loss and minority interest profit on amalgamation of TPSL	5.05
<b>Adjustment in Profit and (Loss) Account on account of amalgamation</b>	<b>(78.86)</b>

- b) Income tax expense for the current period has been calculated in accordance with Accounting Standard 25 on "Interim Financial Reporting" prescribed by the Companies (Accounting Standard) Rules, 2006. The Income tax expense has been accrued by applying effective income tax rate ('the rate') to the profit before taxes for the seven months period ended 31 October 2009. The rate has been calculated from the estimated profit before taxes for the year ended 31 March 2010 and the estimated income tax expense thereon.
- c) Contingent liabilities as at 31 October 2009:
1. Bills discounted (including cheques discounted) with recourse amounting to Rs. 153.17 million.
  2. Demand for additional price / enhancement cost in respect of factory plots situated in Bawal Rs. 6.16 million.
    - The Factory plots belonging to the Company, situated at Bawal were allotted by Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDCL) in favour of the Company through Regular Letters of Allotment (RLA) letter dated 23 January 2004 and 9 July 2004.
    - The Company has received notices dated 4 December 2007 and 29 December 2007 from HSIIDCL for additional price/ enhancement cost amounting to Rs. 6.16 million in respect of factory plots situated in Bawal. The Company has filed a writ petition in the Punjab and Haryana High Court on 8 January 2008 and has obtained a stay order on 9 January 2008. The matter is pending adjudication. Pursuant to the above, Rs. 6.16 million has been disclosed as contingent liability.





3. Sales tax liability against pending "C" and "E 1" forms amounting to Rs. 639.12 million.
4. Claims against the company not acknowledged as debt in respect of sales tax matters amounting to Rs 57.01 million.
5. The Company had executed a contract in respect of which debts amounting to Rs. 56.63 million are outstanding as at the period end. The Company has made a provision of Rs. 37.40 million, as the management believes the same is doubtful of recovery. The balance Rs. 19.23 million are considered recoverable by the management since the Company has received performance guarantee certificates from the customer. Further, the Company has issued bank guarantees amounting to Rs. 47.7 million towards liquidated damages for the aforesaid contract. These bank guarantees were issued to recover amounts withheld by the customer including claims for rectification. The customer has not till date released or utilized any of the bank guarantees provided by the Company. Accordingly, management believes that there will be no claims on account of liquidated damages and hence has not provided for the same.
6. Claims against the company not acknowledged as debt in respect of Labour matters amounting to Rs. 1.2 million.
7. The erstwhile Tecpro Ashtech Limited (TAL) has received a show cause cum demand notice from "The Additional Commissioner of Central Excise (Adjudication Cell, Pune 1) for Rs 4.64 million for Service Tax pertaining to erection, commissioning and installation activities upto 31 May 2005. TAL has, based on legal advice, responded to the show cause notice stating that long term contracts entered into by TAL, which include the aforesaid activities, do not attract Service tax for the period prior to 1 June 2007. Thereafter TAL registered itself under works contracts services with effect from 1 June, 2007 and has provided for the liability.

A personal hearing in respect of the show cause notice was granted by "The Additional Commissioner of Central Excise (Adjudication Cell, Pune 1) whereby he confirmed the demand of Rs 4.64 million and further imposed a penalty of Rs. 4.64 million u/s 78 of Chapter V of Finance Act, 1994. TAL has, based on legal advice contested the order in appeal before the Commissioner (Appeals), Central Excise and Customs, Pune-1.

- d) The schedule of provisions as required to be disclosed in compliance with Accounting Standard 29, "Provisions, contingent Liabilities and Contingent Assets" is as under:

(Amount in Rupees million)					
Provision relating to	Opening balance as at 1 April 2009	Added on amalgamation	Created during the period	Write back during the period	Closing balance as at 31 October 2009
Estimated losses on incomplete contracts	-	1.76	28.15	-	29.91

Provision for estimated losses on incomplete contracts relates to provision made for expected losses wherein, the total cost of the incompleted construction contract, based on the technical and other estimates, is expected to exceed the corresponding contract value. Accordingly, such excess is provided during the year/period.



## Annexure VI

### Consolidated statement of dividends declared

The dividends declared during the years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the period ended 31 October 2009 are presented below:

	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<b><u>Equity share capital</u></b>				
Number of shares of face value of Rs. 10 each	1,946,750	12,590,420	26,697,500	27,697,500
Rate of dividend (%)	130	70	70	50
Amount of dividend (in Rs. million)	19.83	63.02	186.88	138.49
Total Corporate Dividend Tax (in Rs. million)	2.78	10.71	31.76	23.54
<b><u>Cumulative Convertible Preference share capital (CCPS) (Refer Note 1 below)</u></b>				
Number of shares of face value of Rs. 100 each	1,499,970	-	-	1,999,900
Rate of dividend (%)	0.01	-	-	0.01
Amount of dividend (in Rs. million)	Note 1	-	-	0.02
Total Corporate Dividend Tax (in Rs. million)	Note 1	-	-	Note 1

Note:

1. Preference dividend amounting to Rs. 4,452 and preference dividend tax amounting to Rs. 624 for the year ended 31 March 2005 and preference dividend tax amounting to Rs. 3,528 for the year ended 31 March 2009 are shown as Nil due to rounding off.
2. No dividends on equity share capital have been declared by the subsidiaries during the years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and for the seven months period ended 31 October 2009
3. No dividends have been declared by the Company for the seven months period ended 31 October 2009



## Annexure VII

### Consolidated statement of secured and unsecured loans

#### Unsecured loans, as restated

Source	(Amounts in Rupees million)				
	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
From promoters*	- **	-	-	49.60	39.00
From group companies ##	-	-	-	42.31	106.95
<b>Total</b>	<b>-**</b>	<b>-</b>	<b>-</b>	<b>91.91</b>	<b>145.95</b>

Note:

\*\* The unsecured loan from promoters as at 31 March 2006, amounting to Rs. 2,500 is shown as Nil due to rounding off.

\* Unsecured loans from promoters are interest free and are repayable on demand.

## Amount due to group companies is repayable on demand. Interest is payable @ 10% on amounts borrowed from one of the group companies and @ 14% on amounts borrowed from another group company.

#### Secured loans, as restated

Source	(Amounts in Rupees million)				
	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
1. Term loans from bank	0.10	68.46	119.28	215.70	191.55
2. Export packing credit from bank	28.62	37.61	58.87	60.96	60.73
3. Cash credit from bank	14.11	34.83	75.02	490.84	1,553.01
4. Short term loans (repayable within one year)	-	-	-	-	655.43
4. Overdraft from bank	25.90	27.36	-	1.86	-
5. Car loans from bank	6.04	7.04	8.54	10.23	7.40
6. Car loans from others	0.32	4.90	9.66	11.29	22.47
7. Interest accrued and due on term loan	0.20	-	-	-	-
<b>Total</b>	<b>75.29</b>	<b>180.20</b>	<b>271.37</b>	<b>790.88</b>	<b>2,490.59</b>

The terms and conditions of the loans outstanding as at 31 October 2009, including interest rates, principal terms of security and repayment / reschedulement terms are given in the table below:

Item	Source	Interest Rate	Security	Repayment / Re- schedulement terms
Term Loan	State Bank of India Rs. 191.55 million	13.50%	Secured by Company's new office at Chennai constructed by utilising the term loan and an equitable mortgage over the leasehold rights of the Company's land on which the new office is constructed.  <b>Collateral security</b> a) Secured by hypothecation of	Amount repayable in 81 monthly installments. The repayment would start from April 2008. <b>Reschedulement</b> Repayable in 65 monthly instalments of Rs. 3.4 million each beginning from January 2009.



Item	Source	Interest Rate	Security	Repayment / Re-schedulement terms
			movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over factory land and building at Bawal, Haryana and Bhiwadi, Rajasthan belonging to the Company. c) Secured by equitable mortgage over land on which new office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.	
Export packing credit from bank.	State Bank of India Rs. 60.73 million	9%	Secured against first charge on the current assets of the Company.	As per the agreement, the facility terminates on 6 October 2009. Facility has been revised vide revised sanction letter dated 23 November 2009.
<b>Collateral security</b>				
			a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over factory land and building at Bawal, Haryana and Bhiwadi, Rajasthan belonging to the Company. c) Secured by equitable mortgage over land on which new office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.	
<b>Working Capital Facility (including cash credit limit and short term loans)</b>				
Cash credit	State Bank of India Rs. 701.99 million	12.50%	Secured against first charge on the current assets of the Company.	As per the agreement, the facility terminates on 6 October 2009. Facility has been revised vide revised sanction letter dated 23 November 2009.
<b>Collateral security</b>				
			a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over factory land and building at Bawal, Haryana and Bhiwadi, Rajasthan belonging to the Company. c) Secured by equitable mortgage over	



Item	Source	Interest Rate	Security	Repayment / Re-schedulement terms
Cash credit	State Bank of India Rs. 52.50 million	14.50%	land on which new office is constructed at Siruseri, Chennai, alongwith building constructed thereon belonging to the Company.  Hypothecation by way of first charge on all the Company's stock raw materials, stock in process, chemicals, consumables, stores and finished goods and current assets of the Company.  <b>Collateral security</b> a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company. b) Secured by equitable mortgage over the property at Bhiwadi, Rajasthan belonging to the Company.	
Cash credit	State Bank of India Rs. 223.83 million	14.25%	Hypothecation of current assets of the Company  <b>Collateral security</b> a) Secured by hypothecation of movable assets owned by the Company and equitable mortgage over certain assets of certain directors (includes a relative of a director) of the Company.  b) Pledge of certain shares by certain directors of the Company.  c) Corporate guarantee given by Fusion Fittings (I) Limited.	
Short term loan	Punjab National Bank Rs. 252.77 million	13%	Hypothecation of entire current assets of the Company both present and future on residual charge basis, subject to prior charge of State Bank of India, including entire stock, book debts arising out of genuine credit transaction, loans and advances etc.	As per the agreement, the facility will be for a period of six months (date of sanction 2 May 2009).
Cash credit	Standard Chartered Bank Rs. Nil	10.25 % (at the rate as negotiated with and agreed by bank)	Hypothecation of (i) All present and future book debts, outstandings moneys receivable, claims and bills. (ii) All present and future stock in trade consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise whatsoever, being movable properties.  <b>Collateral security:</b> All present and future movable properties of the Borrower including without limitation its movable plant and machinery, furniture and fittings, equipment, computers hardware,	As per the agreement, the facility terminates on 30 June 2010.



Item	Source	Interest Rate	Security	Repayment / Re-schedulement terms
Cash credit	Central Bank of India Rs. 324.55 million	12% (BPLR plus 1.00% p.a.)	computer software, machinery spares, tools and accessories and other movables  Hypothecation of : (i) All tangible movable properties, namely, inventory consisting of steel plates, bearings, conveyor belts, structural items, roller conveyors, slider bed conveyors and systems, pipe conveyors, belt feeders, slate chain, conveyors, apron feeders, bucket elevators, coal handling plants, biomass handling plants, coal storage and reclaiming plants, aggregate process plant for minerals, roll coal storage and reclaiming plants, aggregate process plant for minerals, roll crushers, hammer crushers, impactors, hammers mills etc., circular motion and linear motion vibrating screens, flip flow screens, vibratory feeders, reciprocatory feeders, idlers, pulleys etc. and all other goods of the borrowers. (ii) All the present and future book debts, outstanding moneys, receivables, claims, bills, contracts, securities, investments, rights and assets (except property effectively otherwise hypothecated or charged to the Bank) by way of first charge as security.	As per agreement, the limits valid for a period of one year (date of sanction 27 May 2009)
Cash credit	IDBI Bank Limited Rs. 103.72 million	13.50%	(i) First Charge on Pari Passu basis on the borrowers entire stocks of raw material, semi finished and finished goods, consumable stores and spares and such other movables including book debts, bills whether documentary or clean, outstanding monies, receivables, (ii) First Charge on Pari Passu basis on the borrowers all movable assets including movable machinery, machinery spares, tools and accessories.	Repayable on demand
Cash credit / Short term loan	Yes Bank Limited Rs. 0.33 million/Rs. 50.42 million	12.5% (Prime Lending rate minus 4%)	(i) First Pari Passu charge on Current Assets including stocks of raw material, semi-finished and finished goods, stores and spares and Bills receivables and book debts (both present and future). (ii) First Pari Passu charge on movable Fixed Assets including plant and machinery located anywhere in India (both present and future).	Repayable on demand
Cash credit	Kotak Mahindra Bank Limited Rs. 100.20 million	12% (Prime Lending rate minus 3.75%)	The whole of the current assets, both present and future including: (i) Book debts receivables, outstanding moneys, claims, demands, bills, contracts, engagements and securities. (ii) Stocks of raw materials, finished and semi finished goods, goods in	Repayable on demand



Item	Source	Interest Rate	Security	Repayment / Re-schedulement terms
			process and consumable stores. (iii) Related movables in the course of transit or delivery and all documents of title including bills of lading, shipping documents, policies of insurance and other instruments and documents relating to such movables together with benefits of all rights thereto.	
Cash credit / Short term loan	DBS Bank Limited Rs. 45.88 million / 201.57 million	10.96%	Hypothecation by way of first pari passu charge on all the current assets (both present and future) and first pari passu charge by hypothecation of all movable fixed assets (both present and future)	Repayable on demand
Short term loan	Barclays Bank PLC Rs. 150.67 million	9%	First ranking pari passu charge on all the movable properties, present & future, including without limitation its movable plant and machinery, machinery spares, tools and on all accessories, stocks of raw materials, semi finished and finished goods, outstandings, receivables, investments, deposits, book debts, monies receivables, claims, bills and consumable stores and other movables excluding assets specifically charged to other lenders (i.e. except "Tecpro Towers", Siruseri, Chennai)	Repayable on demand
Car loans from bank	Rs. 7.40 million	6.54% to 16.50%	Secured against respective vehicles	Amount payable within one year from the Balance Sheet date Rs. 7.01 million. Amount payable between one year to three years Rs. 0.39 million.
Car loans from others	Rs. 22.47 million	9.31% to 14.02%	Secured against respective vehicles	Amount payable within one year from the Balance Sheet date Rs. 11.13 million. Amount payable between one year to three years Rs. 11.34 million.

Note:

1. The above loans except car loans are also guaranteed by certain directors either by themselves and / or together with a relative of a director.
2. Prepayment terms for term loans: Prepayment penalty will be recovered at 2% p.a. on the loan amount prepaid computed for the unexpired period of the loan, in case of take over of the loan in the present form by other banks / financial institutions.
3. Penal interest: The bank shall be entitled to charge at its discretion enhanced rates of interest on the amounts outstanding or portion thereof, for any irregularity including non observance of terms and conditions. The Company shall be liable to pay 2% penal interest in the event of default of payment of interest or installment for the period of such default.



# Annexure VIII

## Statement of other income, as restated

(Amount in Rupees million)

Particulars	Seven months ended 31 October 2009	Related /Not related to Business activity
<b>Recurring</b>		
Interest received on fixed deposit	64.84	Related
Interest Received From others	10.92	Not Related
Sales of scrap	6.41	Related
<b>Non recurring</b>		
Dividend on shares	0.04	Not Related
Miscellaneous income	1.22	Related
Duty drawback	1.94	Related
Provisions no longer required, written back	9.73	Related
<b>Total</b>	<b>95.10</b>	

### Notes:

1. The classification of income as recurring / non recurring and related / not related to business activity is based on the current operations and business activity of the Company as determined by the management.
2. Details of 'Other Income' for the years ended 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 have not been given as it does not exceed 20% of the net profit before tax for these years, as per the consolidated summary statement of profit and loss, as restated.





## Annexure IX

### Consolidated statement of Accounting Ratios

Particulars	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009	Period ended 31 October 2009
Net Profit before extraordinary items and after adjusted tax and after minority interests (Rs. Million ) (A)	97.15	201.33	405.59	545.71	117.97
Net worth at the end of the year/period (Rs. Million ) (B)	268.13	497.57	999.23	1,736.12	2,585.50
Net worth excluding preference share capital at the end of the year/period (Rs. Million) (C)	118.13	497.57	999.23	1,536.13	2,585.50
Weighted average number of equity shares outstanding during the year/period (D) (Refer note 7, 8 and 10 below)	15,276,710	23,113,562	25,743,494	26,870,103	42,942,585
Weighted average number of equity shares and dilutive potential equity shares outstanding during the year/period (F) (Refer note 7, 8 and 10 below)	18,152,732	24,523,092	25,773,813	27,220,423	43,036,376
Total number of equity shares outstanding at the end of the year/period (E) (Refer note 9 and 10 below)	1,946,750	12,590,420	26,697,500	27,697,500	44,223,791
Earnings per equity share (Rs.)					
- Basic (A/D)	6.36	8.71	15.76	20.31	2.75
- Diluted (A/F)	5.35	8.21	15.74	20.05	2.74
Return on Net Worth (%) (A/B)	36.23	40.46	40.59	31.43	4.56
Net asset value per share (Rs) (C/E)	60.68	39.52	37.43	55.46	58.46

Notes:

1. The ratios have been computed as follows:

Earnings per share

$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year/period}}$$

Return on net worth

$$\frac{\text{Net profit after adjusted tax}}{\text{Net worth as at the end of the year/period}} \times 100$$



$$\text{Net asset value per equity share} = \frac{\text{Net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year/period}}$$

2. Consolidated restated net profit, as appearing in the consolidated summary statement of profits and losses, as restated and net worth as appearing in the consolidated statement of assets and liabilities, as restated, has been considered for the purpose of computing the above ratios. Further, restated net profit considered above is prior to adjusting the share of loss of minorities.
3. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” prescribed by the Companies (Accounting Standards) Rules, 2006.
4. For the purpose of computing Return on Net Worth, preference share capital has been included and share application money has not been included for calculating Net Worth.
5. For the purpose of calculating basic earnings per share for the year ended 31 March 2006 and 31 March 2009, preference dividend of Rs. 4,452 and Rs. 20,758 and dividend tax of Rs. 624 and Rs. 3,528 respectively, have been reduced from the profits.
6. For the purpose of calculating Net Assets Value, preference share capital and share application money has not been included for calculating the Net Worth.
7. For the purpose of computing weighted average number of equity shares outstanding during the respective years and weighted average number of dilutive potential equity shares outstanding during the respective years, the impact of bonus shares issued by the Company aggregating 9,739,000 during the year ended 31 March 2007 and 12,698,750 during the year ended 31 March 2008 have been considered in all the respective years presented above. These bonus shares have been issued by utilising the securities premium account.
8. For the purpose of computing weighted average number of equity shares outstanding during the seven months period ended 31 October 2009 and weighted average number of dilutive potential equity shares outstanding during the period 31 October 2009, the impact of 16,526,291 equity shares issued on 31 March 2010 pursuant to the scheme of amalgamation have been considered. Refer point no. 5 a) of note 6 of annexure V.
9. Total number of equity shares outstanding as at 31 October 2009 includes 16,526,291 equity shares issued on 31 March 2010 pursuant to the scheme of amalgamation. Also refer point no. 5 a) of note 6 of annexure V.
10. For the purpose of computing weighted average number of equity shares, dilutive potential equity shares and total number of equity shares outstanding at the end of the year/period, shares of minority shareholders of the subsidiaries have not been considered.



## Consolidated statement of capitalisation as at 31 October 2009, as restated

(Amounts in Rupees million)		
Particulars	Pre-issue	Post-issue
<b>Borrowings</b>		
Short term debts	2,474.06	
Long term debts	162.48	
<b>Total debts</b>	<b>2,636.54</b>	
<b>Shareholders' funds</b>		
Share capital	276.98	
Equity Shares issued pursuant to the scheme of amalgamation (refer point no. 5 a) of note 6 of Annexure V)	165.26	
Reserves		
- General reserve	628.53	
- Capital reserve	38.86	
- Securities premium	981.54	
- Profit and Loss Account	494.33	
<b>Total shareholders' funds</b>	<b>2,585.50</b>	
Long term debt / equity ratio	0.06:1	

## Notes:

1. Term loans and car loans repayable within the next one year from 31 October 2009 are considered as short-term debts. Export packing credit, cash credit and other short term loans from banks are considered as short term debts.
2. Long term debt represents debt other than short term debt, as defined above.
3. The post-issue debt equity ratio will be computed on the conclusion of the book building process.
4. The figures included above are as per the consolidated summary statements of assets and liabilities, as restated and consolidated summary statements of profits and losses, as restated.
5. Revaluation reserve of Rs. 72.50 million has not been included in shareholder's funds.
6. Long term debt / equity ratio

$$\frac{\text{Long term debt}}{\text{Total shareholder's funds}}$$



## Annexure XI

## Break up of ageing schedule of sundry debtors - Consolidated, as restated

	(Amounts in Rupees million)				
	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<i>Unsecured and considered good</i>					
Debts outstanding for a period					
- exceeding six months	77.50	111.10	295.35	1,082.22	2,551.47
- other debts	254.63	780.50	1,957.00	3,105.06	3,228.62
<i>Considered doubtful</i>					
- debts outstanding for a period exceeding six months	1.57	-	-	-	70.89
-other debts	-	-	-	-	4.10
	<b>333.70</b>	<b>891.60</b>	<b>2,252.35</b>	<b>4,187.28</b>	<b>5,855.08</b>
Less: Provision for doubtful debts	1.57	-	-	-	74.99
	<b>332.13</b>	<b>891.60</b>	<b>2,252.35</b>	<b>4,187.28</b>	<b>5,780.09</b>

## Notes:

I. Balances due from promoter / promoter groups / promoter group companies as at 31 October 2009 include:

1. Amount due from Hythro Power Corporation Limited Rs. 0.87 million.

II. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2009 include:

1. Amount due from Tecpro Ashtech Limited Rs. 33.09 million.



## Break up of loans and advances – Consolidated, as restated

(Amounts in Rupees million)

	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<i>Unsecured and considered good</i>					
Advances recoverable in cash or in kind or for value to be received	42.52	38.70	183.06	161.60	339.92
Advance tax (net of provision for tax)	-	0.22	6.37	0.15	0.03
Advance Fringe Benefit tax (net of provision for tax)	-	-	0.17	0.15	0.37
Security deposits	4.68	9.02	18.11	20.60	33.25
Share application money pending allotment	1.04	-	-	-	-
Balances with Government authorities	4.43	5.46	23.45	40.69	88.45
Loan/ advance given to other Company	-	0.20	2.30	49.26	171.68
<i>Unsecured and considered doubtful</i>					
Security deposits	-	-	-	-	2.25
Balances with Government authorities	-	-	-	-	5.48
	<b>52.67</b>	<b>53.60</b>	<b>233.46</b>	<b>272.45</b>	<b>641.43</b>
Less: Provision for doubtful advances	-	-	-	-	7.73
	<b>52.67</b>	<b>53.60</b>	<b>233.46</b>	<b>272.45</b>	<b>633.70</b>

### Notes:

#### I. Balances due from promoter / promoter groups / promoter group companies as at 31 October 2009 include:

1. Amount due from directors of the Company Rs. 0.96 million.
2. Amount due from relatives of directors of the Company Rs. 0.29 million.
3. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-
  - a. Rs. 169.86 million from Tecpro Engineers Private Limited.
  - b. Rs. 1.43 million from Tecpro Infrastructure Private Limited
  - c. Rs. 0.39 million from Tecpro Stones Private Limited.

#### II. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2009 include:

1. Amount due from directors of the Company Rs. 0.03 million.
2. Amount due from Tecpro Engineers Private Limited Rs. 49.26 million.

#### III. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2008 include:

1. Amount due from directors of the Company Rs. 2.7 million.
2. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-
  - a. Rs. 0.33 million from Tecpro Stones Private Limited.
  - b. Rs. 1.97 million from Tecpro Engineers Private Limited.

#### IV. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2007 include:

1. Amount due from directors of the Company Rs. 0.14 million.
2. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:-



- a. Rs. 0.20 million from Tecpro Stones Private Limited.

V. Balances due from promoter / promoter groups as at 31 March 2006 include:

- 1. Amount due from directors of the Company Rs. 0.10 million.
- 2. Amounts due from companies forming part of the promoter group as defined in the SEBI regulations:
  - a. Rs. 650 from Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited).
- 3. Share application money relates to application made for 103,500 equity shares in Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited) ("TPSL"), which is pending allotment. TPSL was forming part of the promoter group as defined in the SEBI regulations as at 31 March 2006.



## Annexure XII

### Consolidated statement of Investments, as restated

(Amounts in Rupees million)

	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 October 2009
<b><i>Mutual funds</i></b>					
Principal Growth Fund* 14,355.55 units of face value Rs. 10 each	0.25	0.25	0.31	0.31	0.31
Principal Large Cap Fund 19,559.90 units of face value Rs. 10 each	0.20	0.20	0.20	0.20	0.20
Principal Dividend Yield Fund 5,287.68 units of face value Rs. 10 each	0.06	0.06	0.07	0.07	0.07
Principal Personal tax Saver Fund 470.06 units of face value Rs. 100 each	0.07	0.07	0.07	0.07	0.07
Principal Emerging Blue Chip Fund** 19,361.16 units of face value Rs. 10 each	0.25	0.25	0.25	0.25	0.25
Principal Monthly Income Plan 9,884.45 units of face value Rs. 10 each	0.10	0.10	0.10	0.10	0.10
<b><i>Equity Stock – Quoted</i></b>					
Vijaya Bank Shares 600 equity shares of Rs. 10 each fully paid up	0.01	0.01	0.01	0.01	0.01
<b><i>Government Securities – Unquoted</i></b>					
National Savings Certificates	-	-	0.01	0.01	0.02***
<b>Total</b>	<b>0.94</b>	<b>0.94</b>	<b>1.02</b>	<b>1.02</b>	<b>1.04</b>
Aggregate book value and market value of quoted investments and book value of unquoted investments:					
<b><i>Mutual funds</i></b>					
- Aggregate book value	0.93	0.93	1.00	1.00	1.00
- Aggregate net asset value	1.22	1.26	1.33	0.81	1.41
<b><i>Equity Stock – Quoted</i></b>					
- Aggregate book value	0.01	0.01	0.01	0.01	0.01
- Aggregate market value	0.03	0.03	0.03	0.01	0.03
<b><i>National Savings Certificates – Unquoted</i></b>					
- Aggregate book value	-	-	-	-	0.02

\* During the years ended 31 March 2006 and 31 March 2007 years it was known as “Principal Focused Advantage Fund”. The number of units as at 31 March 2006 and 31 March 2007 were 23,960.90.

\*\* During the years ended 31 March 2006, 31 March 2007 and 31 March 2008 years it was known as “Principal Junior Cap Fund”. The number of units as at 31 March 2006, 31 March 2007 and 31 March 2008 were 25,000.

\*\*\* Pledged as security deposit with Sales tax Authorities.



## Annexure XIII

### Consolidated statement of related party disclosures, as restated

1) **Related party disclosures for the financial years ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and the seven months period ended 31 October 2009.**

**a) Related parties**

**(i) For the seven months period ended 31 October 2009**

**Related party (other than subsidiaries) and nature of relationship where control exists**

Key management personnel	Ajay Kumar Bishnoi
	Amul Gabrani
	Goldie Gabrani
	Arvind Kumar Bishnoi

**Related party (other than subsidiaries) and nature of relationship with whom transaction have taken place during the period**

Key management personnel	Ajay Kumar Bishnoi
	Amul Gabrani
	Goldie Gabrani
	Arvind Kumar Bishnoi
Relative of key management personnel	Bhagwanti Gabrani
	Amita Bishnoi
	Rashmi Singh
	Aditya Gabrani
	Manju Bishnoi
Enterprises over which key management personnel exercise significant influence	Vasundhara Technologies India Private Limited
	Tecpro Engineers Private Limited
	Tecpro Paints Private Limited
	Hythro Power Corporation Limited
	Tecpro Stones Private Limited
	Tecpro Infrastructures Private Limited
	Fusion Fittings (I) Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise (including relatives of such individuals)	Achal Ghai
Enterprises over which such individuals exercise significant influence	Avigo Venture Investments Limited

**(ii) For the year ended 31 March 2009**

**Related party (other than subsidiaries) and nature of relationship where control exists**

Key management personnel	Ajay Kumar Bishnoi
--------------------------	--------------------





Amul Gabrani  
Goldie Gabrani  
Arvind Kumar Bishnoi

**Related party (other than subsidiaries) and nature of relationship with whom transaction have taken place during the year.**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi
Relative of key management personnel	Bhagwanti Gabrani Amita Bishnoi Manju Bishnoi Rashmi Singh Aditya Gabrani
Enterprises over which key management personnel exercise significant influence	Tecpro Stones Private Limited Vasundhara Technologies India Private Limited Tecpro Engineers Private Limited Tecpro Paints Private Limited Tecpro Ashtech Limited Hythro Power Corporation Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise (including relatives of such individuals)	Achal Ghai Sonia Ghai
Enterprises over which such individuals exercise significant influence	Avigo Venture Investments Limited

**(iii) For the year ended 31 March 2008**

**Related party (other than subsidiaries) and nature of relationship where control exists**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi
--------------------------	--

**Related party (other than subsidiaries) and nature of relationship with whom transaction have taken place during the year.**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi
--------------------------	--



Relative of key management personnel	Bhagwanti Gabrani Amita Bishnoi Manju Bishnoi Rashmi Singh Aditya Gabrani
Enterprises over which key management personnel exercise significant influence	Tecpro Stones Private Limited Tecpro Engineers Private Limited
Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise (including relatives of such individuals)	Achal Ghai Anirudh Ghai Sonia Ghai
Enterprises over which such individuals exercise significant influence	Avigo Venture Investments Limited

**(iv) For the year ended 31 March 2007**

**Related party (other than subsidiaries) and nature of relationship where control exists**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi Bhagwanti Gabrani
--------------------------	---

**Related party (other than subsidiaries) and nature of relationship with whom transaction have taken place during the year**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Goldie Gabrani Arvind Kumar Bishnoi Bhagwanti Gabrani
Relative of key management personnel	Manju Bishnoi Menaka Bishnoi
Enterprises over which key management personnel exercise significant influence	Experienced Hi Tech Consultancy Services Private Limited Tecpro Engineers Private Limited Tecpro Stones Private Limited
Individuals owning directly or indirectly, an interest in voting power and significant influence over the enterprise.	Achal Ghai

**(v) For the year ended 31 March 2006**

**Related party (other than subsidiaries) and nature of relationship where control exists**

Key management personnel	Ajay Kumar Bishnoi Amul Gabrani Bhagwanti Gabrani
--------------------------	---



Arvind Kumar Bishnoi

**Related party (other than subsidiaries) and nature of the related party relationship with whom transactions have taken place during the year**

Key management personnel

Ajay Kumar Bishnoi  
Amul Gabrani  
Bhagwanti Gabrani  
Arvind Kumar Bishnoi

Enterprises over which key management personnel exercise significant influence

Experienced Hi-Tech Consultancy  
Services Private Limited  
Tecpro Engineers Private Limited  
Tecpro Power System Private Limited



**Statement of related party disclosures, as restated (continued)**

b. Transactions with related parties during the financial year ended 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and during the seven months ended 31 October 2009

	Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)				
	2006	Year ended 31 March 2007	2008	2009	Period ended 31 October 2009	2006	2007	2008	2009	Period ended 31 October 2009	2006	2007	2008	2009	Period ended 31 October 2009
Purchases of Goods	-	-	-	-	-	-	-	-	22.48	44.92	-	-	-	-	-
Sale of goods	-	-	-	-	-	-	-	-	70.0	0.79	-	-	-	-	-
Sale of Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract expenses	-	-	-	-	-	-	-	-	-	3.13	-	-	-	-	-
Testing and inspection charges	-	-	-	-	-	-	-	-	-	0.04	-	-	-	-	-
Sale of fixed assets	14.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	0.78	-	-	-	-	-	-
Remuneration	14.38	35.15	71.54	96.29	58.36	-	-	-	-	-	-	-	-	-	-
Bonus Shares issued during the year	-	76.05	90.11	-	-	-	-	-	-	-	-	5.21	8.90	-	-
Dividend on equity shares	19.83	46.12	126.19	90.14	-	-	-	-	-	-	-	3.27	20.78	19.32	-
Services received	-	-	-	-	-	1.98	-	-	-	-	-	-	-	-	-



	Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)				
	2006	Year ended 31 March 2007	2008	2009	Period ended 31 October 2009	2006	Year ended 31 March 2007	2008	2009	Period ended 31 October 2009	2006	Year ended 31 March 2007	2008	2009	Period ended 31 October 2009
Purchase of design services	-	-	-	-	-	-	-	-	4.50	-	-	-	-	-	-
Rent expenses	0.64	2.98	5.45	6.21	4.36	-	-	-	-	-	-	-	-	-	-
Interest expense on loan taken	-	1.51	-	-	-	-	-	-	-	3.20	-	-	-	-	-
Share premium received	-	0.05	-	-	-	-	-	-	-	-	-	-	-	207.0	-
Share application money paid, pending allotment	-	-	-	-	-	1.04	-	-	-	-	-	-	-	-	-
Equity shares issued during the year	11.13	0.01	-	-	-	-	-	-	-	-	-	0.84	-	9.0	-
Equity shares issued pursuant to the scheme of amalgamation	-	-	-	-	25.90	-	-	-	-	-	-	-	-	-	42.69
Amount paid on behalf of other parties	-	-	-	-	-	@	0.20	0.13	-	-	-	-	-	-	-
Balance written off	-	-	-	-	-	-	-	\$	-	-	-	-	-	-	-
Loans:															
- Received during the year	0.49	147.50	37.30	126.01	101.83	-	-	-	-	91.69	-	-	-	-	-



	Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	Year ended 31 March		Period ended 31 October 2009		Year ended 31 March		Period ended 31 October 2009		Year ended 31 March		Period ended 31 October 2009	
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
- Repaid during the year	5.55	147.50	37.30	76.41	112.43	-	-	-	51.69	-	-	-
Amount received on behalf of others company	-	-	-	-	-	-	-	1.49	-	-	-	-
Amount paid by other parties on behalf of the company and reimbursed by the company	-	-	-	-	-	2.50	-	-	-	-	-	-
Advance paid and recovered	-	-	-	-	-	0.48	-	-	-	-	-	-
Loan/advance given	-	-	-	-	-	-	-	149.40	169.72	-	-	-
Loan/advance recovered	-	-	-	-	-	-	-	-	58.29	-	-	-
Interest income on above loan	-	-	-	-	-	-	3.03	9.55	10.73	-	-	-
Advance recoverable of previous year recovered	-	-	-	2.45	-	-	-	-	-	-	-	-
Amount received against advance on account of payment	-	-	-	-	-	-	-	0.33	-	-	-	-



	Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)				
	2006	2007	2008	2009	Period ended 31 October 2009	2006	2007	2008	2009	Period ended 31 October 2009	2006	2007	2008	2009	Period ended 31 October 2009
made on behalf of other parties	-	-	-	-	-	-	60.0	-	2,600.0	-	-	-	-	-	-
Guarantee given by Company on behalf of other party															
Guarantees/collateral securities given by other parties on behalf of the Company	##	##	##	##	##	-	-	-	-	-	-	-	-	-	-
Shares pledged by certain directors for credit facilities taken by Company	-	-	-	-	\$\$\$	-	-	-	-	-	-	-	-	-	-
Comfort letter given by company on behalf of other party	-	-	-	-	-	-	-	-	\$\$	\$\$	-	-	-	-	-
Share application money received and refunded	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share application money refunded	-	#	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	181.99	-



	Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	Year ended 31 March		Period ended		Year ended 31 March		Period ended		Year ended 31 March		Period ended	
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Proposed Dividend on Preference Shares	-	-	-	-	-	-	-	-	-	-	-	0.01
Loan/advance given and repaid	-	-	-	-	-	-	42.92	15.0	-	-	-	-
Repayment of loan/advance given	-	-	-	-	-	-	-	109.50	-	-	-	-

C. Outstanding balances as at 31 March 2006, 31 March 2007, 31 March 2008, 31 March 2009 and 31 October 2009

	Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	As at 31 March		As at		As at 31 March		As at		As at 31 March		As at	
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Interest free loan payable	^^	-	-	-	-	-	-	-	-	-	-	-
Amount Receivable on account of payments made on behalf of these parties	-	-	-	-	@	0.20	0.33	-	-	-	-	-
Share application money, pending allotment	-	-	-	-	1.04	-	-	-	-	-	-	-





	Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	2006	As at 31 March 2007	2008	2009	As at 31 October 2009	2006	2007	2008	2009	As at 31 March 2008	2007	As at 31 October 2009
Advances Recoverable	-	-	2.52	-	-	-	-	-	-	-	-	-
Business Advances Recoverable	0.10	0.14	0.18	@@	1.24	-	-	-	-	-	-	-
Business Advances Payable	0.11	0.18	-	-	-	-	-	-	-	-	-	-
Rent Payable	0.01	0.01	-	-	0.23	-	-	-	-	-	-	-
Loan Payable	-	-	-	49.60	39.00	-	-	-	40.0	100.00	-	-
Expense Payable	-	-	*	**	-	-	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-	-	-	2.31	6.95	-	-
Interest Recoverable on loan	-	-	-	-	-	-	-	1.97	9.36	20.09	-	-
Remuneration Payable	-	-	-	19.80	4.74	-	-	-	-	-	-	-
Creditors	-	-	-	-	-	-	-	-	5.93	43.57	-	-
Debtors	-	-	-	-	-	-	-	-	72.94	0.87	-	-
Loan Recoverable	-	-	-	-	-	-	-	-	39.90	151.59	-	-
Dividend payable on equity shares	-	-	126.19	90.14	-	-	-	-	-	20.78	19.32	-
Amount payable on account of payment received on behalf of other company	-	-	-	-	-	-	-	-	1.49	1.49	-	-



	Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence (including relatives of such individuals)			
	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
Amount recoverable	-	-	2.52	-	-	-	-	-	-	-	-	-

@ Payment made on behalf of other parties during the year ended 31 March 2006, receivable as at that year end and recovered during the year ended 31 March 2007 amounting to Rs. 650 has been shown as Nil due to rounding off.

\$ Balance written off amounting to Rs. 682 is shown as Nil due to rounding off.

## Guarantees and collateral security given by Ajay Kumar Bishnoi, Amul Gabrani and Bhagwani Gabrani (relative of the director) for various facilities taken from a bank/banks with the following limits as at the end of each respective year/period :-

31 March 2006	Rs. 508.50 million
31 March 2007	Rs. 1,398.50 million
31 March 2008	Rs. 2,350.00 million
31 March 2009	Rs. 6,650.00 million
31 October 2009	Rs. 16400.00 million

# Share application money refunded amounting to Rs. 1,000 is shown as Nil due to rounding off.

\$\$ Company has given a letter of comfort for various facilities taken by Hythro Power Corporation Limited from bank/banks with the following limits as at the end of each respective year/period

31 March 2009	Rs. 400.00 million
31 October 2009	Rs. 1,000.00 million

\$\$\$ Ajay Kumar Bishnoi and Amul Gabrani have pledged their certain shares in the Company with a bank for credit facilities taken by erstwhile Tecpro Ashtech Limited with a limit of Rs. 2,600 million

^^ Loans taken amounting to Rs. 500 is shown as Nil due to rounding off.

@ Business advance recoverable amounting to Rs. 1,322 is shown as Nil due to rounding off.

\* Expenses payable amounting to Rs. 2,379 at the year end 31 March 2008 is shown as Nil due to rounding off.

\*\* Expenses payable amounting to Rs. 4,000 at the year end 31 March 2009 is shown as Nil due to rounding off.



**Statement of related party disclosures, as restated (continued)**

*d. Details of related parties with whom transactions exceed 10% of the class of transactions*

Name of Related Party	Nature of Transaction	For the year ended 31 March				For the seven months period ended 31 October 2009
		2006	2007	2008	2009	
Ajay Kumar Bishnoi	Sale of fixed assets	7.25	-	-	-	-
Amul Gabrani	Sale of fixed assets	7.25	-	-	-	-
Ajay Kumar Bishnoi	Rent expenses	0.24	1.25	2.53	2.99	2.07
Amul Gabrani	Rent expenses	0.24	1.25	2.53	2.99	2.07
Ajay Kumar Bishnoi	Interest expense on loan taken	-	0.37	-	-	-
Amul Gabrani	Interest expense on loan taken	-	1.14	-	-	-
Ajay Kumar Bishnoi	Dividend on equity shares	9.39	21.87	59.85	42.75	-
Amul Gabrani	Dividend on equity shares	10.14	23.04	61.95	44.25	-
Avigo Venture Investments Limited	Dividend	-	-	-	12.75	-
Ajay Kumar Bishnoi	Remuneration	6.55	17.12	33.68	41.94	23.57
Amul Gabrani	Remuneration	6.55	17.12	33.68	41.94	23.57
Goldie Gabrani	Remuneration	-	-	-	6.81	-
Amita Bishnoi	Advance recoverable of previous year recovered	-	-	-	2.45	-
Ajay Kumar Bishnoi	Bonus shares issued during the year	-	36.20	42.75	-	-
Amul Gabrani	Bonus shares issued during the year	-	38.00	45.00	-	-
Amul Gabrani	Share Application money received and refunded	0.05	-	-	-	-
Amul Gabrani	Share Application money refunded	-	Note 3	-	-	-
Manju Bishnoi	Securities premium received	-	0.04	-	-	-
Menaka Bishnoi	Share premium received	-	0.01	-	-	-
Tecpro Stones Private Limited	Loan given and repaid	-	-	-	15.00	-
Tecpro Power Systems Limited	Share application money paid, pending allotment	1.04	-	-	-	-
Achal Ghai	Equity shares issued during the year	-	0.84	-	-	-
Experience Hitech Consultancy Services Private Limited	Balance written off	-	Note 1	-	-	-
Tecpro Engineers Private Limited	Advance paid and recovered	-	0.48	-	-	-
Tecpro Engineers Private Limited	Amount paid by other parties on behalf of the Company and reimbursed by the Company	-	2.50	-	-	-
Tecpro Power Systems Limited (formerly Tecpro Power Systems Private Limited)	Amount paid on behalf of other party	Note 2	-	-	-	-
Ajay Kumar Bishnoi	Loan received	0.49	47.50	1.80	60.00	-
Ajay Kumar Bishnoi	Loan repaid	2.50	47.50	1.80	52.40	-
Amul Gabrani	Loan received	-	100.00	35.50	66.00	101.83
Amul Gabrani	Loan repaid	3.05	100.00	35.50	24.00	104.83



Name of Related Party	Nature of Transaction	For the year ended 31 March				For the seven months period ended 31 October 2009
		2006	2007	2008	2009	
Hythro Power Corporation Limited	Loan received	-	-	-	-	95.00
Hythro Power Corporation Limited	Loan repaid	-	-	-	-	35.00
Tecpro Engineers Private Limited	Guarantee given by Company on behalf of other parties	-	60.00	-	-	-
Tecpro Ashtech Limited	Purchase of Goods	-	-	-	5.93	-
Tecpro Ashtech Limited	Sale of Services	-	-	-	30.00	-
Tecpro Engineers Private Limited	Services received	1.98	-	4.50	-	-
Vasundhra Technologies (India) Private Limited	Loan received during the year	-	-	-	40.00	-
Tecpro Engineers Private Limited	Loans received and repaid	-	-	-	51.69	-
Tecpro Engineers Private Limited	Interest expense on loan taken	-	-	-	0.35	-
Vasundhra Technologies (India) Private Limited	Interest expense on loan taken	-	-	-	2.85	2.35
Hythro Power Corporation Limited	Interest expense on loan taken	-	-	-	-	2.55
Avigo Venture Investments Limited	Preference Shares issued during the year	-	-	-	181.99	-
Avigo Venture Investments Limited	Proposed Dividend on preference shares	-	-	-	0.02	-
Tecpro Stone Private Limited	Purchase of fixed assets	-	-	-	0.78	-
Tecpro Paints Private Limited	Purchase of goods	-	-	-	16.55	44.66
Tecpro Engineers Private Limited	Amount received on behalf of other Company	-	-	11.07	Note 4	-
Tecpro Engineers Private Limited	Loan/advance given	-	-	-	149.40	169.72
Tecpro Engineers Private Limited	Loan repaid	-	-	-	109.50	58.29
Tecpro Engineers Private Limited	Loan given and repaid	-	-	42.92	-	-
Tecpro Engineers Private Limited	Interest Income	-	-	3.03	9.05	10.73
Hythro Power Corporation Limited	Sale of goods	-	-	-	-	0.79
Hythro Power Corporation Limited	Sale of Services	-	-	-	40.00	-
Tecpro Ashtech Limited	Guarantee given by Company on behalf of other parties	-	-	-	2,600	-
Hythro Power Corporation Limited	Loan/advance received and repaid	-	-	-	-	20.00
Tecpro Infrastructures Private Limited	Contract expenses	-	-	-	-	3.13
Tecpro Infrastructures Private Limited	Testing and Inspection Charges	-	-	-	-	0.04
Fusion Fittings (I) Limited	Equity shares issued pursuant to the scheme of amalgamation	-	-	-	-	75.25
Hythro Power Corporation Limited	Loan/advance received and repaid	-	-	-	-	20.00



Name of Related Party	Nature of Transaction	For the year ended 31 March				For the seven months period ended 31 October 2009
		2006	2007	2008	2009	
Tecpro Infrastructures Private Limited	Contract expenses	-	-	-	-	3.13
Tecpro Infrastructures Private Limited	Testing and Inspection Charges	-	-	-	-	0.04
Fusion Fittings (I) Limited	Equity shares issued pursuant to the scheme of amalgamation	-	-	-	-	75.25
Avigo Venture Investments Limited	Securities Premium Received	-	-	-	207.00	-
Avigo Venture Investments Limited	Equity shares issued during the year	-	-	-	9.00	-
Avigo Venture Investments Limited	Equity shares issued pursuant to the scheme of amalgamation	-	-	-	-	42.69
Tecpro Stones Private Limited	Amount received against advance recoverable on account of payment made on behalf of other parties	-	-	-	-	0.33

Note 1: Balances written off amounting to Rs. 682 is shown as Nil due to rounding off.

Note 2: Amount paid on behalf of other party recovered amounting to Rs. 650 is shown as Nil due to rounding off.

Note 3: Share application money refunded amounting to Rs. 1,000 is shown as Nil due to rounding off.

Note 4: Amount received on behalf of other company amounting to Rs. 2, 213 is shown as Nil due to rounding off.



**Segment reporting, as restated**

**(a) Segment accounting policies**

The Segment reporting policy is in conformity with Accounting Standard-17 on “Segment Reporting”, prescribed by the Companies (Accounting Standards) Rules, 2006.

The risk-return profile of the Company’s (including its subsidiaries) business is determined predominantly by the nature of their products and services. Accordingly, the primary segmentation is based on the business segments (reportable primary segment) in which the Company and its subsidiaries operate.

The businesses are organized into two key geographic segments (reportable secondary segment) i.e. domestic and exports. Revenues are attributable to individual geographic segments based on the location of the customer within India (domestic) and outside India (exports).

The following specific accounting policies have been followed for segment reporting:-

1. Segment revenue includes sales of manufactured goods, sales of traded goods and service income directly identifiable to the segment.
2. Expenses (excluding interest expenses) that are directly identifiable with the segments are considered for determining segment results.
3. Other income including interest income (excluding sale of scrap, commission and provision no longer required written back) that are not identifiable to segments is included in unallocable other income
4. Segment assets and segment liabilities include those directly identifiable with the respective segments. Unallocated assets include cash and bank, share application money pending allotment, investments and goodwill. Unallocated liabilities include secured loans, unsecured loans, bank overdraft, minority interest, proposed dividend, deferred tax liability and income tax liabilities.



**Segment reporting disclosures for the years ended 31 March 2006 and 31 March 2007**

**(b) (i) Primary segment (Business Segment)**

	<b>Material handling system</b>		<b>Setting up/supply of power plant/equipments</b>		<b>Power generation and distribution</b>		<b>Inter segment elimination</b>		<b>Total</b>
	<b>2005-06</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2006-07</b>	
<b>Revenue</b>									
External sales (net)	1,046.62	2,299.57	-	-	-	-	-	-	2,299.57
Inter segment sales	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>1,046.62</b>	<b>2,299.57</b>	-	-	-	-	-	-	<b>2,299.57</b>
<b>Results</b>									
<b>Segment results (before interest and taxes)</b>	168.15	357.15	-	-	(0.09)	(0.11)	-	-	<b>355.66</b>
Unallocable income (excluding interest income)									0.23
Interest income									2.37
Interest expenses									(16.50)
<b>Profit before taxes</b>									<b>154.77</b>
Income taxes									53.81
- Current tax									2.09
- Deferred tax									1.66
- Fringe benefit tax									1.73
<b>Profit after taxation and before minority interest</b>									<b>97.15</b>
Share of loss/(profit) of minorities									-
<b>Profit after taxation and minority interest</b>									<b>97.15</b>
<b>Other Information</b>									
<b>Assets</b>									
Segment assets	596.58	1,502.92	-	-	1.53	1.60	-	(0.40)	1,505.81
Unallocated assets									141.56
<b>Total assets</b>									<b>738.14</b>
									<b>1,810.84</b>



	Material handling system			Setting up/supply of power plant/ equipments		Power generation and distribution		Inter segment elimination		Total
	2005-06	2006-07		2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	
<b>Liabilities</b>										
Segment liabilities	362.62	919.13		-	0.78	0.06	0.11	-	(0.40)	919.55
Unallocable liabilities										393.73
Share capital (including reserve and surplus)										268.13
<b>Total liabilities</b>										<b>738.14</b>
<b>Other Information</b>										<b>1,810.85</b>
Capital expenditure	77.12	102.69		-	0.97	-	-	-	-	77.12
Depreciation and amortization	7.46	13.73		-	0.01	-	-	-	-	13.74
Non-cash expenses other than depreciation and amortization included in segment expenses	3.00	6.18		-	-	-	-	-	-	3.00
										<b>6.18</b>

#### Segment reporting disclosures for the years ended 31 March 2008 and 31 March 2009

	Material handling system		Setting up/supply of power plant/ equipments		Power generation and distribution		Waste Processing		Inter segment elimination		Total
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	
<b>Revenue</b>											
External sales (net)	4,826.20	7,042.17	220.32	950.88	-	-	-	-	-	5,046.52	7,993.06
Inter segment sales	-	33.61	-	-	-	-	-	-	-	(33.61)	-
Total Revenue	<b>4,826.20</b>	<b>7,075.79</b>	<b>220.32</b>	<b>950.88</b>	-	-	-	-	-	<b>5,046.52</b>	<b>7,993.06</b>
<b>Results</b>											
<b>Segment results (before interest and taxes)</b>	677.76	832.76	3.26	95.59	(2.22)	(1.54)	(0.87)	(3.09)	-	33.61	<b>958.76</b>
Unallocable income (excluding interest income)										2.57	30.24
Interest income										27.61	62.99
Interest expenses										(49.97)	(143.74)
<b>Profit before taxes</b>										<b>658.13</b>	<b>908.25</b>
Income taxes											





	Material handling system		Setting up/supply of power plant/equipments		Power generation and distribution		Waste Processing		Inter segment elimination		Total	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
- Current tax											243.82	347.79
- Deferred tax											2.44	(1.87)
- Fringe benefit tax											4.17	5.87
<b>Profit after taxation and before minority interest</b>											<b>407.70</b>	<b>556.46</b>
Share of loss/(profit) of minorities											(2.11)	(10.75)
<b>Profit after taxation and minority interest</b>											<b>405.59</b>	<b>545.71</b>
<b>Other Information</b>												
<b>Assets</b>												
Segment assets	3,153.31	5,882.24	305.85	554.37	0.05	0.02	1.21	3.43	-	(7.61)	3,460.42	6,434.03
Unallocated assets											486.29	1,040.27
<b>Total assets</b>											<b>3,946.71</b>	<b>7,474.30</b>
<b>Liabilities</b>												
Segment liabilities	1,915.78	4,159.37	298.59	220.88	0.13	0.04	0.30	0.45	-	(7.61)	2,214.80	4,373.18
Unallocable liabilities											732.68	1,365.00
Share capital (including reserve & surplus)											999.23	1,736.12
<b>Total liabilities</b>											<b>3,946.71</b>	<b>7,474.30</b>
<b>Other Information</b>												
Capital expenditure	249.44	422.01	3.81	1.14	-	-	1.02	2.06	-	-	<b>254.28</b>	<b>425.21</b>
Depreciation and amortization	24.87	32.44	0.79	1.17	-	-	-	-	-	-	<b>25.66</b>	<b>33.61</b>



	Material handling system		Setting up/supply of power plant/ equipments		Power generation and distribution		Waste Processing		Inter segment elimination		Total	
	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09
Non-cash expenses other than depreciation and amortization included in segment expenses	30.50	67.26	-	-	-	-	-	-	-	-	30.50	67.26

**Segment reporting disclosures for the seven months period ended 31 October 2009**

	Material handling system		Setting up/supply of power plant/equipments		Power generation and distribution		Waste Processing		Inter segment elimination		Total
	October 2009	October 2009	October 2009	October 2009	October 2009	October 2009	October 2009	October 2009	October 2009	October 2009	October 2009
<b>Revenue</b>											
External sales (net)	4,851.31	181.87	-	-	-	-	-	-	-	-	5,033.18
Inter segment sales	12.36	-	-	-	-	-	-	-	(12.36)	-	-
Total Revenue	<b>4,863.67</b>	<b>181.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12.36)</b>	<b>-</b>	<b>5,033.18</b>
<b>Results</b>											
<b>Segment results (before interest and taxes)</b>	441.20	(23.52)	(0.00)	(1.56)	12.36						428.39
Unallocable income (excluding interest income)											3.21
Interest income											75.75
Interest expenses											(318.59)
<b>Profit before taxes</b>											<b>188.76</b>
Income taxes											
- Current tax											71.20
- Deferred tax											(0.44)
- Fringe benefit tax											-
<b>Profit after taxation and before minority interest</b>											<b>118.00</b>
Share of loss/(profit) of minorities											(0.03)
<b>Profit after taxation</b>											<b>117.97</b>



	Material handling system October 2009	Setting up/supply of power plant/ equipments October 2009	Power generation and distribution October 2009	Waste Processing October 2009	Inter segment elimination October 2009	Total October 2009
<b>and minority interest</b>						
<b>Other Information</b>						
<b>Assets</b>						
Segment assets	8,634.00	678.14	-	4.76	(22.82)	9,295.61
Unallocated assets						1,500.95
<b>Total assets</b>						<b>10,796.56</b>
<b>Liabilities</b>						
Segment liabilities	5,397.34	158.98	0.02	0.63	(22.82)	5,534.18
Unallocable liabilities						2,676.88
Share capital (including reserve & surplus)						2,585.50
<b>Total liabilities</b>						<b>10,796.56</b>
<b>Other Information</b>						
Capital expenditure	231.50	0.51	-	1.47	-	<b>233.48</b>
Depreciation and amortization	35.62	0.73	-	-	-	<b>36.35</b>
Non-cash expenses other than depreciation and amortization included in segment expenses	61.48	0.32	-	-	-	<b>61.80</b>



	Domestic				Export				Total						
	31 March 2006	31 March 2007	31 March 2008	31 March 2009	31 October 2009	31 March 2006	31 March 2007	31 March 2008	31 March 2009	31 October 2009	31 March 2006	31 March 2007	31 March 2008	31 March 2009	31 October 2009
Revenue	1,004.50	2,199.52	4,827.96	7,774.67	4,941.07	42.12	100.05	218.56	218.39	92.11	1,046.62	2,299.57	5,046.52	7,993.06	5,033.18
Sundry Debtors #	307.89	851.98	2,114.89	4,082.47	5,710.65	24.24	39.62	137.47	104.81	69.45	332.13	891.60	2,252.35	4,187.28	5,780.09
Capital expenditure	77.12	103.62	253.70	423.18	233.48	-	0.04	0.57	2.03	-	77.12	103.66	254.28	425.21	233.48

# other assets except sundry debtors cannot be allocated to the secondary segments.



### (c) Composition of Primary reportable segments

The Company and its subsidiaries operate in 4 primary business segments:-

#### Material handling systems

This segment is primarily engaged in manufacturing and supply of material handling systems, viz.

- Supply of conveyor belt, slat conveyors, bucket elevators;
- Manufacture and / or supply of crushers, screens, conveyor components like idlers and pulleys (rollers); and
- Fabricated steel structures
- Providing the services of design, engineering, procurement, construction and maintenance for air and gas pollution control systems attached to the industrial plants.
- Manufacture of ash handling equipments and undertakes turnkey projects for ash handling System.

#### Setting up/supply of power plant/ equipments

This segment is primarily engaged in purchasing, selling, producing, trading, manufacturing or otherwise dealing in all aspects of research, design, engineering, installation, commissioning, construction, operation and maintenance of power generation plants and power systems.

#### Power generation and distribution

This segment is primarily engaged in generation, production, manufacturing, transmission, supply and distribution of electric power to different categories of consumers. This segment has not yet commenced its commercial operations.

#### Waste Processing

This segment is primarily engaged in manufacturing Refused Derived Fuel (RDF) from municipal solid waste supplied by Ajmer Municipal Council and Bikaner Municipal Council. This segment has not yet commenced its commercial operations.

### (d) The Company and its subsidiaries have been included in the segment classification as follows:-

Segment	Companies
Material handling systems	Tecpro Systems Limited Blossom Automotive Private Limited # Tecpro International FZE Tecpro Trema Private Limited Tecpro Systems (Singapore) Pte. Limited
Setting up/supply of power plant/ equipments	Tecpro Power Systems Limited ##
Power generation and distribution	Tecpro Energy Limited
Waste Processing	Ajmer Waste Processing Company Private Limited Bikaner Waste Processing Company Private Limited

# Blossom Automotive Private Limited was a wholly owned subsidiary of Tecpro Systems Limited upto 31 March 2008.

## Tecpro Power Systems Limited was a subsidiary of Tecpro Systems Limited upto 31 March 2009.

**Tepro Energy Limited**

(Subsidiary of Tecpro Systems Limited)

**Balance Sheet as at 31 October 2009, 31 March 2009, 31 March 2008, 31 March 2007 and as at 31 March 2006 (Audited)**

	(Amount in Rupees million)				
	As at 31 October 2009	As at 31 March 2009	As at 31 March 2008	As at 31 March 2007	As at 31 March 2006
<b>SOURCES OF FUNDS</b>					
<i>Shareholders' funds</i>					
Share capital	6.58	6.58	2.53	1.03	1.03
Share application money	-	-	1.65	1.50	-
<i>Loan funds</i>					
Unsecured loans	-	-	-	-	- *
	6.58	6.58	4.18	2.53	1.03
<b>APPLICATION OF FUNDS</b>					
<i>Current assets, loans and advances</i>					
Cash and bank balances	1.10	1.15	0.42	0.90	0.92
Loans and advances	1.54	1.60	0.04	- **	-
Other current asset	-	-	-	0.02	-
	2.64	2.75	0.46	0.92	0.92
<i>Less: Current liabilities and provisions</i>					
Current liabilities	0.06	0.10	0.13	0.04	0.02
<i>Net current assets/(liabilities)</i>	2.58	2.65	0.33	0.88	0.90
<i>Profit and Loss Account</i>	4.00	3.93	3.85	1.65	0.13
	6.58	6.58	4.18	2.53	1.03

\* Unsecured loans are Rs. 2,000 and are shown as Nil due to rounding off.

\*\* Loans and advances are Rs. 4,010 and are shown as Nil due to rounding off.



# **Tepro Energy Limited**

(Subsidiary of Tecpro Systems Limited)

## **Profit and Loss Account for the period ended 31 October 2009, for year ended 31 March 2009, 31 March 2008, 31 March 2007 and for the period ended 31 March 2006 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008	For the year ended 31 March 2007	For the period 9 June 2005 to 31 March 2006
<b>INCOME</b>					
Interest on fixed deposits	0.04	0.06	0.03	0.02	-
Interest on refund of income tax	-	-\$	-	-	-
	0.04	0.06	0.03	0.02	-
<b>EXPENDITURE</b>					
Bank Charges	0.02	0.04	^	-	- *
Legal and professional expenses	0.02	0.01	0.55	- **	-
Printing and stationery	0.01	-\$	0.01	- #	-
Audit Fees	0.06	0.10	0.19	0.04	0.01
Processing charges	-	-	-	1.50	-
Travelling	-	-	0.18	-	-
Rates and taxes	-+	-@	1.30	- ##	-
Preliminary expenses written off	-	-	-	-	0.12
Miscellaneous expenses	-++	-@@	^^	-	-
	0.11	0.15	2.23	1.54	0.13
<b>Profit (Loss) before taxes</b>	(0.07)	(0.09)	(2.20)	(1.52)	(0.13)
Provision for taxation	-	-	-	-	-
<b>Profit (Loss) after taxes</b>	(0.07)	(0.09)	(2.20)	(1.52)	(0.13)
Balance brought forward	(3.93)	(3.85)	(1.65)	(0.13)	-
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	(4.00)	(3.93)	(3.85)	(1.65)	(0.13)

\* Bank charges are Rs. 673 and are shown as Nil due to rounding off.

\*\* Legal Expenses are Rs. 660 and are shown as Nil due to rounding off.

# Printing and Stationery Expenses are Rs. 3,211 and are shown as Nil due to rounding off.

## Rates and Taxes are Rs. 3,190 and are shown as Nil due to rounding off.

^ Bank charges are Rs. 1,040 and are shown as Nil due to rounding off.

^^ Miscellaneous expenses are Rs. 2,816 and are shown as Nil due to rounding off.

\$ Interest on refund of income tax are Rs. 340 and are shown as Nil due to rounding off.

\$\$ Printing and Stationery Expenses are Rs. 520 and are shown as Nil due to rounding off.

@ Rates and Taxes are Rs. 4,224 and are shown as Nil due to rounding off.

@@ Miscellaneous expenses are Rs. 562 and are shown as Nil due to rounding off.

+ Rates and Taxes are Rs. 560 and are shown as Nil due to rounding off.

++ Miscellaneous expenses are Rs. 871 and are shown as Nil due to rounding off.



# **Tecpro Energy Limited**

(Subsidiary of Tecpro Systems Limited)

## **Cash Flow Statement for the period ended 31 October 2009, for the year ended 31 March 2009, 31 March 2008, for the year ended 31 March 2007 and for the period ended 31 March 2006 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008	For the year ended 31 March 2007	For the period 9 June 2005 to 31 March 2006
<b>A. Cash flow from operating activities</b>					
Net profit / (loss) before tax	(0.07)	(0.09)	(2.20)	(1.52)	(0.13)
<b>Adjustments for:</b>					
Interest income	(0.04)	(0.06)	(0.03)	(0.02)	-
<i>Operating profit/(loss) before working capital changes</i>	(0.11)	(0.15)	(2.23)	(1.54)	(0.13)
<b>Decrease/ (Increase) in working capital</b>					
(Increase)/decrease in Loans and Advances	0.07	(1.54)	(0.03)	0.00	0.00
(Increase)/decrease in current liabilities and provisions	(0.04)	(0.03)	0.09	0.02	0.02
Increase/(Decrease) in other current assets	-	-	0.01	-	-
<i>Cash generated/(used) from operations</i>	(0.08)	(1.72)	(2.16)	(1.52)	(0.11)
Refund of income tax	-	\$	-	-	-
Direct tax paid	(0.01)	(0.01)	^^	_*	-
<b>Net cash (used in) / generated from operating activities (A)</b>	(0.09)	(1.73)	(2.16)	(1.52)	(0.11)
<b>B. Cash flow from investing activities</b>					
Interest income	0.04	0.06	0.03	_**	-
<b>Net cash from (used in) /generated from investing activities(B)</b>	0.04	0.06	0.03	_***	-
<b>C. Cash flows from financing activities</b>					
Issue of equity share capital	-	2.40	-	-	1.03
Receipt of share application money pending allotment	-	-	1.65	1.50	-
Proceeds from borrowings	-	-	-	-	-+
Repayment of borrowings	-	-	-	-#	-
<b>Net cash (used in) / generating from financing activities (C)</b>	-	2.40	1.65	1.50	1.03
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	(0.05)	0.73	(0.48)	(0.02)	0.92
Cash and cash equivalents at the beginning of the year	1.15	0.42	0.90	0.92	-
Cash and cash equivalents at the end of the year	1.10	1.15	0.42	0.90	0.92
<b>Components of cash and cash equivalents:</b>					
Cash in hand	0.03	0.01	0.01	-##	-###
Balances with scheduled banks:					
- On current accounts	0.28	0.39	^	0.53	0.92
- In other accounts	0.79	0.75	0.41	0.37	-
	1.10	1.15	0.42	0.90	0.92

\* Direct tax paid is Rs. 4,010 and is shown as Nil due to rounding off.

\*\* Interest income is Rs. 4,010 and is shown as Nil due to rounding off.

\*\*\* Net cash used in investing activities is Rs. 4,010 and is shown as Nil due to rounding off.





- + Proceeds from borrowings are Rs. 2,000 and are shown as Nil due to rounding off.
- # Repayment of borrowings is Rs. 2,000 and is shown as Nil due to rounding off.
- ## Cash in hand is Rs. 4,880 and is shown as Nil due to rounding off.
- ### Cash in hand is Rs. 54 and is shown as Nil due to rounding off.
- ^ Balance with current accounts of Rs. 4,526 has been shown as Rs. Nil due to rounding off.
- ^^ Direct tax paid is Rs. 5,473 has been shown as Rs. Nil due to rounding off.
- \$ Refund of income tax Rs. 4,010 has been shown as Nil due to rounding off.



## Annexure XVI

### Tecpro Power Systems Limited

(Subsidiary of Tecpro Systems Limited upto 31 March 2009)

#### Balance Sheet as at 31 March 2009, 31 March 2008 and 31 March 2007 (Audited)

(Amount in Rupees million)

	As at 31 March 2009	As at 31 March 2008	As at 31 March 2007
<b>SOURCES OF FUNDS</b>			
<i>Shareholders' funds</i>			
Share capital	287.40	4.90	4.90
Reserve and surplus	68.62	-	-
<i>Share application money</i>	-	32.00	32.00
<i>Loan funds</i>			
Secured loans	16.12	22.39	0.47
	372.14	59.29	37.37
<b>APPLICATION OF FUNDS</b>			
<i>Fixed assets</i>			
Gross block	6.99	5.85	1.53
Less: Accumulated depreciation	2.08	0.91	0.12
Net block	4.91	4.94	1.41
Capital work in progress (including capital advances)	-	-	0.51
	4.91	4.94	1.92
<i>Deferred tax Asset</i>	0.34	0.13	-
<i>Current assets, loans and advances</i>			
Inventories	1.69	5.48	-
Sundry debtors	450.71	73.73	-
Cash and bank balances	48.09	49.60	29.53
Loans and advances	87.27	133.27	0.95
Other current asset	9.79	88.44	0.40
	597.55	350.52	30.88
<i>Less: Current liabilities and provisions</i>			
Current liabilities	219.54	298.03	0.78
Provisions	11.12	0.56	0.01
	230.66	298.59	0.79
<i>Net current assets/(liabilities)</i>	366.89	51.93	30.09
<i>Profit and Loss Account</i>	-	2.29	5.36
	372.14	59.29	37.37



**Tepro Power Systems Limited**

(Subsidiary of Tecpro Systems Limited upto 31 March 2009)

**Profit and loss account for the year ended 31 March 2009, 31 March 2008 and 31 March 2007 (Audited)**

(Amount in Rupees million)

	For the year ended 31 March 2009	For the year ended 31 March 2008	For the year ended 31 March 2007
<b>INCOME</b>			
Contract revenue	689.44	192.38	-
Other sales	154.95	27.06	-
	844.39	219.44	-
Other service income	106.50	0.87	-
Other income	29.11	5.80	0.51
	980.00	226.11	0.51
<b>EXPENDITURE</b>			
Contract and other expenses	775.62	185.37	-
Administrative and selling expenses	78.51	30.89	4.60
Interest and bank charges	12.60	5.48	0.03
Depreciation	1.17	0.79	0.11
	867.90	222.53	4.74
<b>Profit(Loss) before taxes</b>			
Provision for taxation:	112.10	3.58	(4.23)
Income tax for current year	39.50	0.34	-
Income tax for prior year	1.37	-	-
Deferred tax charge/(release)	(0.20)	(0.13)	-
- Fringe benefit tax for current year	0.50	0.30	0.06
- Fringe benefit tax for prior period	**	*	-
<b>Profit (Loss) after taxes</b>	70.93	3.07	(4.29)
Balance brought forward	(2.29)	(5.36)	(1.07)
	68.64	(2.29)	(5.36)
<b>Appropriation</b>			
-Preference dividend	0.02	-	-
-Dividend tax	***	-	-
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	68.62	(2.29)	(5.36)

\* Fringe benefit tax for prior period is Rs. 275 and is shown as Nil due to rounding off.

\*\* Fringe benefit tax for prior period is Rs. 2,000 and is shown as Nil due to rounding off.

\*\*\* Dividend tax is Rs. 3,528 and is shown as Nil due to rounding off.



# **Tepro Power Systems Limited**

(Subsidiary of Tecpro Systems Limited upto 31 March 2009)

## **Cash Flow Statement for the year ended 31 March 2009, 31 March 2008 and 31 March 2007 (Audited)**

(Amount in Rupees million)

	For the year ended 31 March 2009	For the year ended 31 March 2008	For the year ended 31 March 2007
<b>A. Cash flow from operating activities</b>			
Net profit / (loss) before tax	112.10	3.58	(4.23)
<b>Adjustments for:</b>			
Depreciation	1.17	0.79	0.11
Interest income	(13.91)	(5.78)	(0.51)
Interest expense	12.60	5.48	0.03
Operating profit / (loss) before working capital changes	111.96	4.07	(4.60)
<b>Decrease/ (Increase) in working capital</b>			
Decrease/(Increase) in inventories	3.78	(5.48)	-
Decrease/ (Increase) in sundry debtors	(376.98)	(73.72)	-
Decrease/ (Increase) in other current assets	85.74	(85.74)	-
Decrease/ (Increase) in loans and advances	80.43	(126.96)	(0.72)
(Decrease)/Increase in current liabilities and provisions	(77.70)	297.79	0.63
Cash generated from operations	(172.77)	9.96	(4.69)
Direct tax paid (Tax deducted at sources)	(25.63)	(5.70)	(0.12)
Fringe benefit tax paid	(0.51)	(0.31)	(0.09)
<b>Net cash (used in) / generated from operating activities(A)</b>	(198.91)	3.95	(4.90)
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets	(1.14)	(3.81)	(1.76)
Interest received on fixed deposits	4.64	2.02	-
<b>Net cash used in investing activities(B)</b>	3.50	(1.79)	(1.76)
<b>C. Cash flows from financing activities</b>			
Issue of equity share capital	50.51	-	3.73
Receipt of share application money pending allotment	-	-	32.00
Issue of .01%Compulsorily Convertible Cumulative Preference Shares	199.99	-	-
Refund of share application money	-	-	(0.15)
Proceeds from short-term borrowings	-	21.23	-
Proceeds from long-term borrowings	-	0.69	0.55
Repayment of long-term borrowings	(0.57)	-	(0.08)
Repayment of short-term borrowings	(5.70)	-	-
Loan given to other company	(164.40)	(42.92)	-
Loan repaid by other company	124.50	42.92	-
Interest received on loan given to other company	2.17	1.46	0.12
Interest paid	(12.60)	(5.47)	(0.03)
<b>Net cash (used in) / generated from financing activities (C)</b>	193.90	17.91	36.14
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(1.51)	20.07	29.48

**Tepro Power Systems Limited**

(Subsidiary of Tecpro Systems Limited upto 31 March 2009)

**Cash Flow Statement for the year ended 31 March 2009, 31 March 2008 and for the year ended 31 March 2007 (Audited)  
(continued)**

(Amount in Rupees million)

	For the year ended 31 March 2009	For the year ended 31 March 2008	For the year ended 31 March 2007
<b>Cash and cash equivalents at the beginning of the year</b>	49.60	29.53	0.05
<b>Cash and cash equivalents at the end of the year</b>	48.09	49.60	29.53
<b>Components of cash and cash equivalents:</b>			
Cash in hand	0.04	0.03	0.01
Balances with scheduled banks:			
- On current accounts	16.53	2.62	27.77
- In other accounts	31.52	46.95	1.75
	48.09	49.60	29.53



## Annexure XVII

### Blossom Automotive Private Limited

(Subsidiary of Tecpro Systems Limited upto 31 March 2008)

### Balance Sheet as at 31 March 2008 and 31 March 2007 (Audited)

(Amount in Rupees million)

	As at 31 March 2008	As at 31 March 2007
<b>SOURCES OF FUNDS</b>		
<i>Shareholders' funds</i>		
Share capital	4.00	4.00
Reserves and surplus	111.39	110.36
	115.39	114.36
<i>Deferred tax liability (net)</i>	0.06	-
	115.45	114.36
<b>APPLICATION OF FUNDS</b>		
<i>Fixed assets</i>		
Gross block	118.46	118.46
Less: Accumulated depreciation	3.56	1.92
	114.90	116.54
<i>Deferred tax asset</i>	-	0.17
<i>Current assets, loans and advances</i>		
Cash and bank	0.16	0.42
Loans and advances	4.20	1.03
	4.36	1.45
<i>Less: Current liabilities and provisions</i>		
Current liabilities	3.81	3.80
	3.81	3.80
<i>Net current assets/(liabilities)</i>	0.55	(2.35)
<i>Miscellaneous expenditure (to the extent not written off or adjusted)</i>	-	-
	115.45	114.36



**Blossom Automotive Private Limited**

(Subsidiary of Tecpro Systems Limited upto 31 March 2008)

**Profit and Loss Account for the year ended 31 March 2008 and for the year ended 31 March 2007 (Audited)**

(Amount in Rupees million)

	For the year ended 31 March 2008	For the year ended 31 March 2007
<b>INCOME</b>		
Other income	3.60	1.51
	3.60	1.51
<b>EXPENDITURE</b>		
Administrative and selling expenses	0.06	0.32
Interest and bank charges	-**	- *
Depreciation and amortisation	0.64	0.92
	0.70	1.24
<b>Profit before taxes</b>	2.90	0.27
Provision for taxation:		
- Income tax for current year	0.64	0.27
- Deferred tax charge / (release)	0.23	(0.17)
<b>Profit after taxes</b>	2.03	0.17
Balance brought forward	0.18	0.01
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	2.21	0.18

\* Interest and bank charges are Rs. 2,730 and are shown as Nil due to rounding off.

\*\* Interest and bank charges are Rs. 130 and are shown as Nil due to rounding off.



**Blossom Automotive Private Limited**

(Subsidiary of Tecpro Systems Limited upto 31 March 2008)

**Cash Flow Statement for the year ended 31 March 2008 and for the year ended 31 March 2007 (Audited)**

(Amount in Rupees million)

	For the year ended 31 March 2008	For the year ended 31 March 2007
<b>A. Cash flow from operating activities</b>		
Net profit before tax	2.90	0.27
<b>Adjustments for:</b>		
Depreciation and amortization	0.64	0.92
Miscellaneous expenditure written off	-	0.07
Rent income	(3.60)	(1.50)
Interest income	-	(0.02)
<i>Operating profit / (loss) before working capital changes</i>	(0.06)	(0.26)
<b>Decrease/ (Increase) in working capital</b>		
(Increase) in loans and advances	(2.92)	(0.93)
Increase (decrease) in current liabilities and provisions	2.93	4.72
<i>Cash generated from/(used in) operations</i>	(0.05)	3.53
Direct tax paid	(0.90)	(0.34)
<b>Net cash (used in) / generated from operating activities (A)</b>	(0.95)	3.19
<b>B. Cash flow from investing activities</b>		
Purchase of fixed and intangible assets	-	(1.76)
Rent received	0.69	0.57
Interest received	-	0.01
<b>Net cash (used in)/from investing activities (B)</b>	0.69	(1.18)
<b>C. Cash flows from financing activities</b>		
Refund of share application money pending allotment	-	(2.91)
<b>Net cash (used in) / generating from financing activities (C)</b>	-	(2.91)
Net increase in cash and cash equivalents (A+B+C)	(0.26)	(0.90)



**Blossom Automotive Private Limited**

(Subsidiary of Tecpro Systems Limited upto 31 March 2008)

**Cash Flow Statement for the year ended 31 March 2008 and for the year ended 31 March 2007 (Audited) (continued)****(Amount in Rupees million)**

	<b>For the year ended 31 March 2008</b>	<b>For the year ended 31 March 2007</b>
<b>Cash and cash equivalents at the beginning of the year</b>	0.42	1.32
<b>Cash and cash equivalents at the end of the year</b>	0.16	0.42
<b>Components of cash and cash equivalents:</b>		
Cash in hand	0.13	0.20
Balances with scheduled banks:		
- On current accounts	0.03	0.22
- In other accounts		
	0.16	0.42



# Annexure XVIII

## Tepro International FZE

(Subsidiary of Tecpro Systems Limited)

### Balance Sheet as at 31 October 2009, 31 March 2009, 31 March 2008 and 31 March 2007 (Audited)

(Amount in Rupees million)

	As at 31 October 2009	As at 31 March 2009	As at 31 March 2008	As at 31 March 2007
<b>SOURCES OF FUNDS</b>				
<i>Shareholders' funds</i>				
Share capital	25.68	12.70	12.70	12.70
Share application money	-	4.58	-	-
	25.68	17.28	12.70	12.70
<b>APPLICATION OF FUNDS</b>				
<i>Fixed assets</i>				
Gross block	2.12	2.12	0.11	0.04
Less: Accumulated depreciation	0.57	0.26	0.03	0.01
Net block	1.55	1.86	0.08	0.03
Capital work in progress (including capital advances)	-	-	-	-
	1.55	1.86	0.08	0.03
<i>Current assets, loans and advances</i>				
Cash and bank	2.61	1.25	0.85	4.99
Loans and advances	3.60	3.66	2.30	1.41
Sundry debtors	-	-	6.99	-
	6.21	4.91	10.14	6.40
<i>Less: Current liabilities and provisions</i>				
Current liabilities	1.31	1.01	0.22	0.07
<i>Net current assets</i>	4.90	3.90	9.92	6.33
<i>Profit and Loss Account</i>	19.23	11.52	2.70	6.34
	25.68	17.28	12.70	12.70



**Tepro International FZE**

(Subsidiary of Tecpro Systems Limited)

**Profit and loss account for the period ended 31 October 2009, for the year ended 31 March 2009, 31 March 2008 and for period ended 31 March 2007 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008	For the period 19 August 2006 to 31 March 2007
<b>INCOME</b>				
Sales	-	-	0.16	-
Professional Income	-	2.85	14.28	-
Other Income	-	1.79	-	-
	-	4.64	14.44	-
<b>EXPENDITURE</b>				
Cost of sales	-	-	0.13	-
Administrative and selling expenses	7.38	13.16	10.53	6.23
Interest and bank charges	0.02	0.08	0.11	0.10
Depreciation and amortisation	0.31	0.22	0.03	0.01
	7.71	13.46	10.80	6.34
<b>Profit(Loss) before exceptional items</b>	(7.71)	(8.82)	3.64	(6.34)
Exceptional items	-	-	-	-
<b>Profit(Loss) after exceptional items</b>	(7.71)	(8.82)	3.64	(6.34)
Balance brought forward	(11.52)	(2.70)	(6.34)	-
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	(19.23)	(11.52)	(2.70)	(6.34)



# **Tepro International FZE**

(Subsidiary of Tecpro Systems Limited)

**Cash flow statement for the period ended 31 October 2009, for the year ended 31 March 2009, 31 March 2008 and for period ended 31 March 2007 (Audited)**

**(Amount in Rupees million)**

	<b>For the period ended 31 October 2009</b>	<b>For the year ended 31 March 2009</b>	<b>For the year ended 31 March 2008</b>	<b>For the period 19 August 2006 to 31 March 2007</b>
<b>A. Cash flow from operating activities</b>				
Net profit / (loss) before tax	(7.71)	(8.82)	3.64	(6.34)
<b>Adjustments for:</b>				
Depreciation and amortisation	0.31	0.22	0.03	0.01
Interest and bank charges	0.02	0.08	0.11	0.10
Operating profit /(loss) before working capital changes	(7.38)	(8.52)	3.78	(6.23)
<b>Decrease/ (Increase) in working capital</b>				
(Increase)/decrease in sundry debtors	-	6.99	(6.99)	-
(Increase) in loans and advances	0.05	(1.36)	(0.88)	(1.41)
Increase in current liabilities and provisions	0.31	0.79	0.13	0.07
<b>Net cash (used in) / generated from operating activities (A)</b>	(7.02)	(2.10)	(3.96)	(7.57)
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets	-	(2.01)	(0.07)	(0.04)
<b>Net cash used in investing activities (B)</b>	-	(2.01)	(0.07)	(0.04)
<b>C. Cash flows from financing activities</b>				
Issue of equity share capital	8.39	-	-	12.70
Receipt of share application money pending allotment	-	4.59	-	-
Interest and bank charges paid	(0.02)	(0.08)	(0.11)	(0.10)
<b>Net cash (used in) / generating from financing activities (C)</b>	(8.37)	4.51	(0.11)	12.60
Net increase in cash and cash equivalents (A+B+C)	1.36	0.40	(4.14)	4.99
<b>Cash and cash equivalents at the beginning of the year</b>	1.25	0.85	4.99	-
<b>Cash and cash equivalents at the end of the year</b>	2.61	1.25	0.85	4.99

**Tecpro International FZE**

(Subsidiary of Tecpro Systems Limited)

**Cash flow statement for the period ended 31 October 2009, for the year ended 31 March 2009, 31 March 2008 and for period ended 31 March 2007 (Audited) (continued)**

<b>Components of cash and cash equivalents:</b>				
Cash in hand	0.01	0.02	0.01	0.01
Balances with scheduled banks:				
- On current accounts	2.60	1.23	0.84	4.98
	2.61	1.25	0.85	4.99



## Annexure XIX

**Ajmer Waste Processing Company Private Limited**  
(A subsidiary of Tecpro Systems Limited)

**Balance Sheet as at 31 October 2009, 31 March 2009 and 31 March 2008 (Audited)**

(Amount in Rupees million)

	As at 31 October 2009	As at 31 March 2009	As at 31 March 2008
<b>SOURCES OF FUNDS</b>			
<i>Shareholders' funds</i>			
Share capital	1.00	1.00	1.00
Share application money	-	-	-#
<i>Loan funds</i>			
Unsecured Loans	13.61	11.55	7.40
	14.61	12.55	8.40
<b>APPLICATION OF FUNDS</b>			
<i>Fixed assets</i>			
Capital work in progress	4.55	3.08	1.02
<i>Current assets, loans and advances</i>			
Cash and bank	0.51	0.48	0.76
Loans and advances	0.14	0.31	0.17
Other current asset	0.06	0.04	0.01
	0.71	0.83	0.94
<i>Less: Current liabilities and provisions</i>			
Current liabilities	0.60	0.10	0.29
Provisions	-	**	*
<i>Net current assets/(liabilities)</i>	0.11	0.73	0.65
<i>Profit and Loss Account</i>	9.95	8.74	6.73
	14.61	12.55	8.40

# Share application money Rs. 5,000 has been shown as Rs. Nil due to rounding off.

\* Provisions Rs. 620 has been shown as Rs. Nil due to rounding off.

\*\* Provisions Rs. 1,300 has been shown as Rs. Nil due to rounding off.



**Ajmer Waste Processing Company Private Limited**  
(Subsidiary of Tecpro Systems Limited)

**Profit and Loss Account the period ended 31 October 2009, for the year ended 31 March 2009 and 31 March 2008 (Audited)**

	<b>(Amount in Rupees million)</b>		
	<b>For the period ended 31 October 2009</b>	<b>For the year ended 31 March 2009</b>	<b>For the year ended 31 March 2008</b>
<b>INCOME</b>			
Other income	0.02	0.03	0.01
	0.02	0.03	0.01
<b>EXPENDITURE</b>			
Employees Cost	0.18	0.28	0.14
Administrative and selling expenses	0.12	0.41	6.51
Interest and bank charges	0.93	1.35	0.08
	1.23	2.04	6.73
<b>Profit(Loss) before taxes</b>			
Fringe benefit tax	(1.21)	(2.01)	(6.72)
		**	*
Fringe benefit tax for prior year	-	***	-
<b>Profit(Loss) after taxes</b>	(1.21)	(2.01)	(6.72)
Balance brought forward	(8.74)	(6.73)	(0.01)
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	(9.95)	(8.74)	(6.73)

\* Fringe benefit tax for Rs. 2,020 has been shown as Rs. Nil due to rounding off.

\*\* Fringe benefit tax for Rs. 5,500 has been shown as Nil due to rounding off.

\*\*\* Fringe benefit tax for prior year for Rs. 180 has been shown as Nil due to rounding off.



# **Ajmer Waste Processing Company Private Limited**

(Subsidiary of Tecpro Systems Limited)

## **Cash Flow Statement the period ended 31 October 2009, for the year ended 31 March 2009, 31 March 2008 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>A. Cash flow from operating activities</b>			
Net profit / (loss) before tax	(1.21)	(2.01)	(6.72)
<b>Adjustments for:</b>			
Miscellaneous Expenditure written off	-	-	0.04
Interest and bank charges	0.92	1.35	0.08
Interest Income	(0.02)	(0.03)	(0.01)
Operating profit /(loss) before working capital changes	(0.31)	(0.69)	(6.61)
<b>Decrease/ (Increase) in working capital</b>			
(Increase) / Decrease in loans and advances	0.18	(0.13)	(0.17)
Increase / (Decrease) in current liabilities and provisions	0.51	(0.20)	6.15
Cash generated / (used in) from operation	0.38	(1.02)	(0.63)
Direct tax paid	(0.01)	(0.01)	*
Fringe benefit tax paid	-	***	**
<b>Net cash (used in) / generated from operating activities (A)</b>	0.37	(1.03)	(0.63)
<b>B. Cash flow from investing activities</b>			
Advance towards capital assets	(1.47)	(2.06)	(1.02)
Interest received	#	0.01	^
<b>Net cash used in investing activities (B)</b>	(1.47)	(2.05)	(1.02)
<b>C. Cash flows from financing activities</b>			
Issue of equity share capital	-		0.90
Share application money pending allotment	-	(0.01)	0.01
Proceeds from Long-term borrowings	1.16	3.17	1.52
Interest paid	(0.03)	(0.36)	(0.08)
<b>Net cash (used in) /generating from financing activities (C)</b>	1.13	2.80	2.35
Net increase in cash and cash equivalents (A+B+C)	0.03	(0.28)	0.70
<b>Cash and cash equivalents at the beginning of the year</b>	0.48	0.76	0.06
<b>Cash and cash equivalents at the end of the year</b>	0.51	0.48	0.76
<b>Components of cash and cash equivalents:</b>			
Cash in hand	-##	-^^	0.01
Balances with scheduled banks:			
- On current accounts	0.11	0.08	0.35
- In other accounts	0.40	0.40	0.40
	0.51	0.48	0.76

\* Direct tax paid Rs. 1,279 has been shown as nil due to rounding off.

\*\* Fringe benefit tax paid Rs. 1,400 has been shown as nil due to rounding off.

^ Interest received Rs. 1,279 has been shown as nil due to rounding off.





^^ Cash in hand Rs. 3,376 has been shown as nil due to rounding off.

\*\*\* Fringe benefit tax Rs. 5,000 has been shown as nil due to rounding off.

# Interest received Rs. 3,867 has been shown as nil due to rounding off.

## Cash in hand Rs. 3,316 has been shown as nil due to rounding off.



## Annexure XX

**Tecpro Trema Limited**

(Subsidiary of Tecpro Systems Limited)

**Balance Sheet as at 31 October 2009, 31 March 2009 and 31 March 2008 (Audited)****(Amount in Rupees million)**

	<b>As at 31 October 2009</b>	<b>As at 31 March 2009</b>	<b>As at 31 March 2008</b>
<b>SOURCES OF FUNDS</b>			
<i>Shareholders' funds</i>			
Share capital	1.50	1.50	1.50
Share application money	0.01	0.01	0.01
Reserve and Surplus	2.26	2.19	1.13
<i>Loan funds</i>			
Unsecured Loans	1.31	1.23	-
Deferred tax liability	- <sup>^</sup>	*	-
	5.08	4.93	2.64
<b>APPLICATION OF FUNDS</b>			
<i>Fixed assets</i>			
Gross block	0.85	0.53	-
Less: Accumulated depreciation	0.15	0.06	-
	0.70	0.47	-
<i>Investments</i>	0.01	0.01	0.01
<i>Current assets, loans and advances</i>			
Inventories	5.24	-	-
Cash and bank	1.51	0.89	3.51
Sundry Debtors	33.16	22.20	-
Loans and advances	0.58	0.51	0.81
Other current assets	0.04	0.01	0.14
	40.53	23.61	4.46
<i>Less: Current liabilities and provisions</i>			
Current liabilities	35.81	18.99	1.83
Provisions	0.35	0.17	-
	36.16	19.16	1.83
<i>Net current assets/(liabilities)</i>	4.37	4.45	2.63
	5.08	4.93	2.64

\* Deferred tax liability for Rs.3,880 has been shown as nil due to rounding off.

<sup>^</sup> Deferred tax liability for Rs. 2,289 has been shown as nil due to rounding off.



# **Tecpro Trema Limited**

(A subsidiary of Tecpro Systems Limited)

## **Profit and Loss Account for the period ended 31 October 2009, for the year ended 31 March 2009, 31 March 2008 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>INCOME</b>			
Sales & Other income	43.61	29.00	0.26
	43.61	29.00	0.26
<b>EXPENDITURE</b>			
Cost of sales	35.20	18.08	-
Employees cost	5.07	5.40	0.19
Administrative and selling expenses	2.93	3.52	0.61
Interest and Bank charges	0.10	0.29	0.04
Depreciation	0.08	0.06	-
	43.38	27.35	0.84
<b>Profit(Loss) before taxes</b>	0.23	1.65	(0.58)
Provision for taxation			
- Income tax for current year	(0.08)	(0.35)	-
- Income tax for prior year	(0.08)	(0.13)	-
- Fringe Benefit tax for current year	-	(0.11)	-*
- Fringe Benefit tax for prior year	-^^	-^	-
- Deferred tax release/(charge)	-#	-##	-
<b>Profit(Loss) after taxes</b>	0.07	1.06	(0.58)
Balance brought forward	1.44	0.38	0.96
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	1.51	1.44	0.38

\* Fringe benefit tax for Rs. 1,200 has been shown as nil due to rounding off.

^^ Fringe benefit tax for prior year Rs. 2,500 has been shown as nil due to rounding off.

# Deferred tax release Rs. 1,591 has been shown as nil due to rounding off.

^ Fringe benefit tax for prior year Rs. 100 has been shown as nil due to rounding off.

## Deferred tax release Rs. 3,880 has been shown as nil due to rounding off.



# **Tecpro Trema Limited**

(Subsidiary of Tecpro Systems Limited)

## **Cash Flow Statement for the period ended 31 October 2009, for the year ended 31 March 2009, 31 March 2008 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>A. Cash flow from operating activities</b>			
Net profit / (loss) before tax	0.23	1.65	(0.58)
<b>Adjustments for:</b>			
Depreciation	0.08	0.06	-
Interest and bank charges	0.10	0.29	0.05
Interest Income	(0.03)	(0.10)	(0.26)
Operating profit /(loss) before working capital changes	0.38	1.90	(0.79)
<b>Decrease/ (Increase) in working capital</b>			
(Increase)/decrease in Inventories	(5.24)	-	-
(Increase)/decrease in sundry debtors	(10.96)	(22.20)	-
(Increase) in Loans and advances	(0.19)	(0.18)	(0.02)
Increase / (Decrease) in current liabilities and provisions	16.99	17.32	(1.11)
Cash (used in) generated from operations	0.98	(3.16)	(1.92)
Direct tax paid	(0.04)	(0.09)	(0.07)
<b>Net cash (used in) / generated from operating activities (A)</b>	0.94	(3.25)	(1.99)
<b>B. Cash flow from investing activities</b>			
Interest received	-	0.23	0.23
Fixed Assets purchased	(0.31)	(0.53)	-
<b>Net cash used in investing activities (B)</b>	(0.31)	(0.30)	0.23
<b>C. Cash flows from financing activities</b>			
Receipt of share application money pending allotment	-	-	0.01
Interest and bank charges paid	(0.01)	(0.14)	(0.05)
Loan taken	-	5.07	-
Loan repaid	-	(4.00)	-
<b>Net cash (used in) / generating from financing activities (C)</b>	(0.01)	0.93	(0.04)
Net increase in cash and cash equivalents (A+B+C)	0.62	(2.62)	(1.80)
<b>Cash and cash equivalents at the beginning of the year</b>	0.89	3.51	5.31
<b>Cash and cash equivalents at the end of the period</b>	1.51	0.89	3.51



**Tecpro Trema Limited**  
(Subsidiary of Tecpro Systems Limited)

**Cash Flow Statement for the period ended 31 October 2009, for the year ended 31 March 2009 and 31 March 2008**  
**(Audited) (continued)**

**(Amount in Rupees million)**

<b>Components of cash and cash equivalents</b>			
Cash in hand	0.01	0.03	0.01
Balances with scheduled banks:			
- On current accounts	0.84	0.20	1.30
- In other accounts	0.66	0.66	2.20
	1.51	0.89	3.51



## Annexure XXI

### Tecpro Systems (Singapore) Pte Limited

(Subsidiary of Tecpro Systems Limited)

#### Balance Sheet as at 31 October 2009, 31 March 2009 and 31 March 2008 (Audited)

(Amount in Rupees million)

	As at 31 October 2009	As at 31 March 2009	As at 31 March 2008
<b>SOURCES OF FUNDS</b>			
<i>Shareholders' funds</i>			
Share capital	25.15	18.54	1.06
Share application money	5.49	0.99	7.14
	30.64	19.53	8.20
<b>APPLICATION OF FUNDS</b>			
<i>Fixed assets</i>			
Gross block	1.11	1.11	1.09
Less: Accumulated depreciation	0.80	0.58	0.22
Net block	0.31	0.53	0.87
Capital work in progress (including capital advances)	-	-	-
	0.31	0.53	0.87
<i>Current assets, loans and advances</i>			
Sundry debtors	-	-	2.00
Cash and bank	0.31	0.01	0.09
Loans and advances	0.22	0.23	0.28
	0.53	0.24	2.37
<i>Less: Current liabilities and provisions</i>			
Current liabilities	1.53	3.42	1.99
<i>Net current assets</i>	(1.00)	(3.18)	0.38
<i>Profit and loss account</i>	31.33	22.18	6.95
	30.64	19.53	8.20



**Tepro Systems (Singapore) Pte Limited**

(A subsidiary of Tecpro Systems Limited)

**Profit and Loss Account for the period ended 31 October 2009, for the year ended 31 March 2009 and for the period ended 31 March 2008 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the period ended 31 March 2008
<b>INCOME</b>			
Sales	0.18	-	2.01
Other Income	0.01	-.**	*
	0.19	-	2.01
<b>EXPENDITURE</b>			
Administrative and selling expenses	9.10	14.81	8.71
Interest and Bank charges	0.02	0.06	0.02
Depreciation and amortisation	0.22	0.36	0.23
	9.34	15.23	8.96
<b>Profit/(Loss) before exceptional items</b>	(9.15)	(15.23)	(6.95)
Provision for taxation :			
Exceptional items	-	-	-
<b>Profit/(Loss) after exceptional items</b>	(9.15)	(15.23)	(6.95)
Balance brought forward	(22.18)	(6.95)	-
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	(31.33)	(22.18)	(6.95)

\* Other income of Rs. 4,323 has been shown as Nil due to rounding off.

\*\* Other income of Rs. 621 has been shown as Nil due to rounding off.



**Tepro Systems (Singapore) Pte Limited**

(Subsidiary of Tecpro Systems Limited)

**Cash Flow Statement for the period ended 31 October 2009, for the year ended 31 March 2009 and for the period ended 31 March 2008 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the period ended 31 March 2008
<b>A. Cash flow from operating activities</b>			
Net profit / (loss) before tax	(9.15)	(15.23)	(6.95)
<b>Adjustments for:</b>			
Depreciation and amortisation	0.22	0.36	0.23
Interest and bank charges	0.02	0.06	0.02
Interest Income	(0.01)	-^	*
Operating profit /(loss) before working capital changes	(8.92)	(14.81)	(6.70)
<b>Decrease/ (Increase) in working capital</b>			
(Increase )/Decrease in Sundry debtors	-	2.00	(2.00)
(Increase) in loans and advances	0.01	0.05	(0.28)
Increase in current liabilities and provisions	(1.89)	1.43	1.98
<b>Net cash (used in) / generated from operating activities (A)</b>	(10.80)	(11.33)	(7.00)
<b>B. Cash flow from investing activities</b>			
Interest received	0.01	-^	**
Purchase of fixed assets	-	(0.02)	(1.09)
<b>Net cash used in investing activities (B)</b>	-	(0.02)	(1.09)
<b>C. Cash flows from financing activities</b>			
Issue of equity share capital	5.62	10.34	1.06
Share Application money received pending allotment	5.49	0.99	7.14
Interest and bank charges	(0.02)	(0.06)	(0.02)
<b>Net cash (used in) / generating from financing activities (C)</b>	11.09	11.27	8.18
Net increase in cash and cash equivalents (A+B+C)	0.30	(0.08)	0.09
<b>Cash and cash equivalents at the beginning of the year</b>	0.01	0.09	-
<b>Cash and cash equivalents at the end of the year</b>	0.31	0.01	0.09
<b>Components of cash and cash equivalents:</b>			
Cash in hand	0.01	0.01	0.01
Balances with scheduled banks:			
- On current accounts	0.30	-^^	0.08
	0.31	0.01	0.09

\* Interest income of Rs. 4,323 has been shown as Nil due to rounding off.

\*\* Interest received Rs. 4,323 has been shown as Nil due to rounding off.





^ Interest income of Rs. 621 has been shown as Nil due to rounding off.

^^ Bank balance in current a/c of Rs. 185 has been shown as Nil due to rounding off.



## Annexure XXII

**Bikaner Waste Processing Company Private Limited**

(A subsidiary of Tecpro Systems Limited)

**Balance Sheet as at 31 October 2009, 31 March 2009 and 31 March 2008 (Audited)****(Amount in Rupees million)**

	<b>As at 31 October 2009</b>	<b>As at 31 March 2009</b>	<b>As at 31 March 2008</b>
<b>SOURCES OF FUNDS</b>			
<i>Shareholders' funds</i>			
Share capital	0.30	0.30	0.10
Share Application Money	0.42	-	-
<i>Loan funds</i>			
Secured loans	4.93	4.59	3.93
	5.65	4.89	4.03
<b>APPLICATION OF FUNDS</b>			
<i>Current assets, loans and advances</i>			
Cash and bank	0.14	0.08	_*
Loans and advances	0.01	0.01	-
	0.15	0.09	-
<i>Less: Current liabilities and provisions</i>			
Current liabilities	0.02	0.36	0.01
<i>Net current assets</i>	0.13	(0.27)	(0.01)
<i>Profit and Loss Account</i>	5.52	5.16	4.04
	5.65	4.89	4.03

\* Cash and bank of Rs. 1,093 has been shown as Nil due to rounding off.



**Bikaner Waste Processing Company Private Limited**  
(Subsidiary of Tecpro Systems Limited)

**Profit and Loss Account for the period ended 31 October 2009, for the year ended 31 March 2009 and for the year ended 31 March 2008 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>INCOME</b>			
Other income	-	-	-
	-	-	-
<b>EXPENDITURE</b>			
Administrative and selling expenses	0.02	0.54	4.01
Finance charges	0.34	0.58	-
Miscellaneous expenditure written off	-	-	0.03
	0.36	1.12	4.04
<b>Profit(Loss) before taxes</b>	(0.36)	(1.12)	(4.04)
Provision for taxation	-	-	-
<b>Profit(Loss) after taxes</b>	(0.36)	(1.12)	(4.04)
Balance brought forward	(5.16)	(4.04)	-
<b>Profit and loss account balance carried forward to the Balance Sheet</b>	(5.52)	(5.16)	(4.04)



**Bikaner Waste Processing Company Private Limited**

(Subsidiary of Tecpro Systems Limited)

**Cash Flow Statement for the period ended 31 October 2009, for the year ended 31 March 2009 and for the year ended 31 March 2008 (Audited)**

(Amount in Rupees million)

	For the period ended 31 October 2009	For the year ended 31 March 2009	For the year ended 31 March 2008
<b>A. Cash flow from operating activities</b>			
Net profit / (loss) before tax	(0.36)	(1.12)	(4.04)
<b>Adjustments for:</b>			
Interest Expenses	0.34	0.58	-
Preliminary Expenses	-	-	0.03
Preliminary Expenses written off	-	-	(0.03)
Operating profit /(loss) before working capital changes	(0.02)	(0.54)	(4.04)
<b>Decrease/ (Increase) in working capital</b>			
(Increase) / Decrease in loans and advances	-**	(0.01)	-
Increase / (Decrease) in current liabilities and provisions	(0.34)	0.35	3.94
<b>Net cash (used in) / generated from operating activities (A)</b>	(0.36)	(0.20)	(0.10)
<b>B. Cash flow from investing activities</b>			
<b>Net cash used in investing activities (B)</b>	-	-	-
<b>C. Cash flows from financing activities</b>			
Issue of equity share capital	-	0.20	0.10
Share application money pending allotment	0.43	-	-
Proceeds from long-term borrowings	-	0.21	-
Repayment of loan from directors	(0.01)	-	-
Interest paid	-^	(0.13)	-
<b>Net cash (used in) / generating from financing activities (C)</b>	0.42	0.28	0.10
Net increase in cash and cash equivalents (A+B+C)	0.06	0.08	-
<b>Cash and cash equivalents at the beginning of the year</b>	0.08	-*	-
<b>Cash and cash equivalents at the end of the year</b>	0.14	0.08	-

**Bikaner Waste Processing Company Private Limited**

(Subsidiary of Tecpro Systems Limited)

**Cash Flow Statement for the period ended 31 October 2009, for the year ended 31 March 2009 and year ended 31 March 2008 (continued)**

(Amount in Rupees million)

<b>Components of cash and cash equivalents:</b>			
Cash in hand	0.01	0.01	*
Balances with scheduled banks:			
- On current accounts	0.13	0.07	-
	0.14	0.08	-

\* Cash and bank of Rs. 1,093 has been shown as Nil due to rounding off.

\*\* (Increase) / Decrease in loans and advances of Rs. 1,355 has been shown as Nil due to rounding off.

^ Interest paid of Rs. 130 has been shown as Nil due to rounding off.



## FINANCIAL INFORMATION OF TECPRO ASHTECH LIMITED

### Report by the Auditors

To  
The Board of Directors  
Tecpro Systems Limited

- (1) We have examined the attached financial information of Tecpro Ashtech Limited ('TAL') which has merged with Tecpro Systems Limited (TSL) with effect from 1 April 2009 comprising summary statement of profits and losses, as restated, summary statement of assets and liabilities, as restated, and statement of cash flows, as restated and other financial information explained in paragraph 3 (e) below, as approved by the board of directors of the TSL, prepared in terms of requirements of Paragraph B, Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date ('SEBI Regulations') and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 2 April 2010, in connection with the proposed issue of equity shares of the TSL.
- (2) The above financial information have been extracted by the management from the financial statements for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009. The audit for the financial years ended 31 March 2005, 31 March 2006 and 31 March 2007 was conducted by previous auditor, A. F. FERGUSON & CO., Chartered Accountants and accordingly reliance has been placed on the financial statements audited by them. Accordingly, our examination of the restated financial information of the TAL for these financial years ended i.e. 31 March 2005, 31 March 2006 and 31 March 2007 are based solely on financial statements audited by them.
- (3) In accordance with the requirements of Paragraph B of Part II of Schedule II to the Companies Act 1956, SEBI Regulations, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time, and in terms of our engagement as agreed with you, we further report that:
  - (a) The summary statement of profits and losses of the TAL, as restated, for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 as set out in Annexure I to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure III to this report. As a result of these adjustments and regroupings, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial years ended 31 March 2005, 31 March 2006 and 31 March 2007 reliance has been placed by us on the financial statements audited by M/s A. F. FERGUSON & CO., Chartered Accountants.
  - (b) The summary statement of assets and liabilities of the TAL, as restated, as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 as set out in Annexure II to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure III to this report. As a result of these adjustments and regroupings, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial years ended 31 March 2005, 31 March 2006 and 31 March 2007 reliance has been placed by us on the financial statements audited by M/s A. F. FERGUSON & CO., Chartered Accountants.
  - (c) The statement of cash flows of the TAL, as restated, for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 as set out in Annexure IV to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the notes appearing in Annexure III to this report. As a result of these adjustments, the amounts reported in the above-mentioned statement are not necessarily the same as those appearing in the financial statements for the relevant financial years. For the financial years ended 31 March 2005, 31 March 2006 and 31 March 2007 reliance has been placed by us on the financial statements audited by M/s A. F. FERGUSON & CO., Chartered Accountants.
  - (d) Based on above and also as per the reliance placed on the financial statements audited by the previous auditors, M/s A. F. FERGUSON & CO., Chartered Accountants for the financial years ended 31 March 2005, 31 March 2006 and 31 March 2007, we are of the opinion that the restated financial information, prepared by the management of TAL and approved by its Board of Directors of TSL, has been made after incorporating the following:



- i. the impact of correction of accounting policies / changes in accounting policies have been adjusted with retrospective effect in the respective financial years to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods;
  - ii. material amounts relating to previous years have been adjusted in the restated financial information in the respective financial years to which they relate;
  - iii. qualifications in the auditors' report which require any adjustments have been given effect to in the restated financial information in the respective financial years, except for qualifications in the auditors' report which do not require any corrective adjustments in the restated financial information as disclosed in Note 2 of Annexure III;
  - iv. there are no extraordinary items, which need to be disclosed separately in the restated financial information in the respective financial years; and
  - v. there are no revaluation reserves which need to be disclosed separately in the restated financial information in the respective financial years.
- (e) We have also examined the following other financial information set out in Annexures prepared by the management and approved by the board of directors of TSL relating to TAL for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009. For the financial years ended 31 March 2005, 31 March 2006 and 31 March 2007 reliance has been placed by us on the financial statements audited by M/s A. F. FERGUSON & CO., Chartered Accountants
- i. Statement of dividends declared by TAL, for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009, as appearing in Annexure V to this report;
  - ii. Statement of secured and unsecured loans, as restated as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 and details of terms and conditions, including interest rates, principal terms of security and repayment terms of the loans outstanding as at 31 March 2009, as appearing in Annexure VI to this report;
  - iii. Statement of other income, as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 as appearing in Annexure VII to this report;
  - iv. Statement of accounting ratios, for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009, as appearing in Annexure VIII to this report;
  - v. Capitalisation statement, as restated as at 31 March 2009, as appearing in Annexure IX to this report;
  - vi. Statement of tax shelters, as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009, as appearing in Annexure X to this report;
  - vii. The "Break up of ageing schedule of sundry debtors" and "Break up of loans and advances", as restated (separately showing loans/advances to promoters/promoter group/group companies) as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009, as appearing in Annexure XI and XII to this report;
  - viii. Statement of aggregate book value and market value of investments, as restated as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009, as appearing in Annexure XIII to this report;
  - ix. Statement of related party disclosures for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 as per Accounting Standard 18 on Related Parties prescribed by Companies (Accounting Standards) Rules, 2006, as appearing in Annexure XIV to this report; and
  - x. Statement of segment reporting, as restated for the financial years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 as per Accounting Standard 17 on Segment reporting prescribed by Companies (Accounting Standards) Rules, 2006, as appearing in Annexure XV to this report.

In our opinion, the above financial information of TAL read with significant accounting policies appearing in Annexure III to this report, after making adjustments and regroupings as considered appropriate and as set out in Annexure III to this report,



has been prepared in accordance with Paragraph B, Part II of Schedule II to the Companies Act , 1956, SEBI ICDR Regulations, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants of India ('ICAI'), as amended from time to time, and in terms of our engagement as agreed with you.

- (4) Our report is intended solely for the use of management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of TSL and is not to be used, referred to or distributed for any other purpose without our written consent.

**For More & More**  
*Chartered Accountants*

Place : Pune  
Date : 12<sup>th</sup> April 2010

**S.K.More**  
*Partner*  
Membership No: 44160





# Annexure - I

## Summary statement of profit and loss, as restated -TAL

(Amounts in Rupees million)

Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<b>Incomes</b>					
Gross Sales	63.29	73.01	92.95	65.35	149.38
Less Excise Duty	5.82	7.04	8.83	18.76	7.14
Net Sales	57.47	65.97	84.12	46.59	142.24
Income from Long term Contracts	203.88	544.04	573.61	660.56	1835.08
Less : Excise Duty/ Service Tax	2.04	5.34	1.82	4.85	16.99
Net income from Long Term Contracts	201.84	538.70	571.79	655.71	1818.09
Income from services rendered	6.17	8.90	11.79	5.07	25.88
Other Income	7.96				
<b>Total (A)</b>	<b>273.44</b>	<b>617.24</b>	<b>678.26</b>	<b>771.70</b>	<b>2000.10</b>
<b>Expenditure</b>					
Raw materials consumed- Finished & Semi finished Products	204.70	454.06	456.73	453.10	1267.68
Manufacturing Costs	39.61	39.04	86.18	101.84	126.36
Personnel Expenses	52.37	46.73	54.24	64.85	91.95
Interest Cost	11.09	9.70	15.70	18.85	28.00
Depreciation & amortizations	3.82	5.26	3.70	3.93	6.68
Estimated Loss on incomplete Contracts	(1.88)	(5.33)	(2.05)	0.24	0.60
Administrative and Selling Expenses	47.51	62.37	81.19	109.28	268.65
<b>Total (B)</b>	<b>357.22</b>	<b>611.83</b>	<b>695.69</b>	<b>752.09</b>	<b>1789.92</b>
<b>Profit/(loss) before tax and adjustments (C) =(A) – (B)</b>	<b>(83.78)</b>	<b>5.41</b>	<b>(17.43)</b>	<b>19.61</b>	<b>210.18</b>
<b>Provision for tax</b>					
- Current tax (D)	-	-	-	0.49	23.81
- Deferred tax charge/(release) (E)	(4.33)	-	-	-	-
- Mat Credit Entitlement (F)	-	-	-	-	-
- Fringe Benefit Tax (G)	-	0.93	1.14	1.06	0.97
<b>Profit/(loss) after tax and before adjustments (H) = (C) -(D) - (E) -(F)- (G)</b>	<b>(79.45)</b>	<b>4.48</b>	<b>(18.57)</b>	<b>18.06</b>	<b>185.40</b>
Adjustments (Refer Note 1 of Annexure IV) (I)	(9.25)	(3.79)	1.24	1.26	(7.41)
Current tax impact of adjustments (Refer Note 1 of Annexure IV) (J)	-	-	-	(0.12)	(0.84)
Fringe benefit tax impact of adjustments (Refer Note 1 of Annexure IV) (Z)	-	-	-	-	-
Deferred tax impact of adjustments (Refer Note 1 of Annexure IV) (K) [charge/(release)]	(105.74)	7.11	(8.67)	8.30	61.12
MAT credit entitlement	-	-	-	(0.49)	(10.63)



Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<b>Total of adjustments after tax impact (L) = (I)-(J) -(Z)-(K)</b>	<b>96.49</b>	<b>(10.89)</b>	<b>9.91</b>	<b>(6.43)</b>	<b>(57.06)</b>
<b>Net Profit as restated (H) + (L)</b>	<b>17.04</b>	<b>(6.42)</b>	<b>(8.66)</b>	<b>11.63</b>	<b>128.34</b>
Profit/(Loss) brought forward from previous year	(192.95)	(175.91)	(182.33)	(190.99)	(179.36)
<b>Profit/(loss) balance available for appropriation</b>	<b>(175.91)</b>	<b>(182.33)</b>	<b>(190.99)</b>	<b>(179.36)</b>	<b>(51.01)</b>
<b>Appropriations</b>					
Transfer to General Reserve	-	-	-	-	-
Interim dividend	-	-	-	-	-
Dividend tax	-	-	-	-	-
Provision for preference dividend	-	-	-	-	-
Provision for preference dividend tax	-	-	-	-	-
<b>Balance carried forward to Balance Sheet</b>	<b>(175.91)</b>	<b>(182.33)</b>	<b>(190.99)</b>	<b>(179.36)</b>	<b>(51.01)</b>

Note: To be read together with significant accounting policies (Annexure III) and Notes to summary statement of profit and loss, as restated and summary statement of assets and liabilities, as restated (Annexure III).

The reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2004 is given in note no. 3 of Annexure III.



## Annexure -II

### Summary statement of assets and liabilities, as restated - TAL

(Amounts in Rupees million)

Particulars	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
<b>A Fixed assets</b>					
(i) Gross block	43.44	42.62	42.88	47.46	62.31
Less: Accumulated depreciation	19.61	21.82	25.38	29.83	36.08
Net block	23.83	20.80	17.50	17.63	26.23
<b>Net block</b>	<b>23.83</b>	<b>20.80</b>	<b>17.50</b>	<b>17.63</b>	<b>26.23</b>
<b>B Intangible assets</b>	<b>-</b>	<b>0.15</b>	<b>0.10</b>	<b>0.10</b>	<b>1.37</b>
<b>C Investments</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>
<b>D Deferred Tax Assets (Net)</b>	<b>105.74</b>	<b>98.64</b>	<b>107.31</b>	<b>99.01</b>	<b>37.89</b>
<b>E Mat Credit Entitlement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.49</b>	<b>11.12</b>
<b>F Current assets, loans and advances</b>					
(i) Inventories	15.73	19.45	34.51	49.91	55.15
(ii) Sundry debtors	180.12	400.44	424.52	687.14	1442.03
(iii) Cash and bank balances	10.80	20.77	12.46	166.40	304.13
(iv) Loans and advances	57.68	64.55	84.81	98.55	124.10
(v) Other current assets	18.91	26.23	11.77	8.20	55.58
	<b>283.24</b>	<b>531.44</b>	<b>568.07</b>	<b>1010.20</b>	<b>1980.99</b>
<b>(A+B+C+D+E+F)</b>	<b>412.83</b>	<b>651.05</b>	<b>693.00</b>	<b>1127.45</b>	<b>2057.62</b>
<b>G Liabilities and provisions</b>					
(i) Secured loans	61.93	8.33	58.48	101.03	215.16
(ii) Unsecured loans	6.20	9.50	33.70	2.00	-
(iii) Deferred tax liability – net	-	-	-	-	-
(iv) Current liabilities and Provisions	192.93	466.81	442.95	552.41	1205.61
	<b>261.06</b>	<b>484.64</b>	<b>535.13</b>	<b>655.44</b>	<b>1420.77</b>
<b>Net worth (A+B+C+D+E+F-G)</b>	<b>151.77</b>	<b>166.41</b>	<b>157.87</b>	<b>472.00</b>	<b>636.85</b>
<b>H Represented by</b>					
(i) Share Capital					
- Equity share capital	155.00	155.00	155.00	225.00	249.00
- Preference share capital	145.00	155.00	155.00	2.40	2.40
	<b>300.00</b>	<b>310.00</b>	<b>310.00</b>	<b>227.40</b>	<b>251.40</b>
(ii) Reserves and surplus					
- Securities premium	-	-	-	397.60	397.60
- General reserve	38.86	38.86	38.86	38.86	38.86
- Profit and Loss Account	-	-	-	-	-
	<b>38.86</b>	<b>38.86</b>	<b>38.86</b>	<b>436.46</b>	<b>436.46</b>
Less : Profit & Loss (Dr. Bal)	175.91	182.33	190.99	179.36	51.01
Less: Miscellaneous. Expenditure. (To the extent not written off)	11.16	.12	-	12.51	-
Reserves (Net of Profit & Loss Dr. Bal)	(148.23)	(143.59)	(152.13)	244.50	385.40
<b>Net Worth</b>	<b>151.77</b>	<b>166.41</b>	<b>157.87</b>	<b>472.00</b>	<b>636.85</b>



## Annexure - III

### Significant accounting policies for the year ended 31 March 2009 - TAL

#### (a) *Basis of preparation of accounts*

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Indian Companies Act, 1956

#### (b) *Revenue recognition*

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer. Risks and rewards are considered to be transferred on shipment of goods except in cases where the goods are shipped after 24<sup>th</sup> March (7 days being considered as transit period) every year and where the Insurance is in the scope of the Company such goods are shown as goods in transit and are stated at Cost.

Revenue from services is recognised on rendering of services to customers.

In respect of construction contracts, contract revenue and contract costs are recognised as revenue and expenses respectively in the Profit and Loss account in the year in which the work is performed. Provision for foreseeable losses is recognised when the total estimated contract cost exceeds the total estimated contract revenue.

TAL accounts for income on the percentage of completion basis, which necessarily involves technical estimates of the percentage of completion, and costs to completion of each contract, on the basis of which profits/ losses are accounted. Such estimates, made by TAL and certified to the Auditors, have been relied upon by them, as these are of a technical nature.

Method used to determine the stage of completion of contracts in progress is done by comparing actual cost incurred up to reporting date as percentage of total estimated cost for the contract,

#### (c) *Fixed assets and capital work-in-progress*

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

#### (d) *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis. For Inventory at site, it is valued at cost or net realizable value, whichever is lower.

#### (e) *Depreciation*

Depreciation is provided on a pro-rata basis under the straight line method at rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956, except in respect of furniture and fixtures and office equipment on which depreciation is provided at rates higher than those prescribed in Schedule XIV to the Companies Act, 1956.

Furniture and fixtures and office equipment are depreciated at per annum rate of 20 % and 16.67 % respectively under the straight line method.

In the opinion of the management, the rates of depreciation used reflect the useful lives of assets.

Leasehold land is amortised over the period of the lease. Leasehold improvements are depreciated over the period



of lease or the useful life of the underlying asset, whichever is less.

Depreciation on additions is being provided on a pro rata basis from the date of such additions. Similarly, depreciation on assets sold/disposed off during the year /period is being provided up to the date on which such assets are sold/disposed off.

Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

Software is amortised on a straight line basis over a period of three years.

Patterns are depreciated over a period of three financial years. In respect of Temporary Stores and shed, it is the policy of the TAL to depreciate it over its useful life which varies from 1 to 5 years.

*(f) Foreign currency transactions*

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Current Assets and Current Liabilities outstanding at the year end are translated at year end exchange rates and the profit/ loss so determined and also the realized exchange gains/ losses are recognised in the Profit and Loss account.

*(g) Taxation*

Income-tax expense comprises current tax and deferred tax. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

*(h) Retirement Benefits*

Retirement Benefits in respect of Gratuity and Leave encashment benefits are provided for based on actuarial valuations, as at the Balance Sheet date.

*(i) Investments*

Long term investments are valued at cost less provision for other than temporary diminution in value. Diminution, if any, is determined individually for each long-term investment.

Current investments are valued at the lower of cost and fair value of individual scrips.

*(j) Earnings per share*

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

*(k) Leases*

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term.

*(l) Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenue and



expenses during the reporting year/period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

*(m) Impairment*

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

*(n) Provisions and contingencies*

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

*(o) Miscellaneous Expenditure (To the extent not written off or adjusted)*

Voluntary Retirement Scheme Compensation paid to employees who have retired under the voluntary retirement scheme is amortised over the period of 2 financial years.

*(p) Events occurring after the balance sheet date*

Adjustment to assets and liabilities are made for events occurring after the balance sheet date that provide additional information materially affecting the determination of the amount of assets and liabilities relating to condition existing at the balance sheet date.



### Annexure - III

Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) - TAL

1. Below mentioned is the summary of results of adjustments / rectifications made in the audited accounts of the respective years and its impact on profits and losses and assets and liabilities.

(Amounts in Rupees million)

Adjustments [(income)/expense] in Statement of profit and loss arising out of:	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<b>A Changes in accounting policies/ correction of accounting policies (refer Note A) #</b>					
(a) Depreciation and profit/loss on sale of fixed assets (refer Note 1)	(1.34)	0.63	(0.77)	(0.79)	(0.74)
(b) Accounting VRS and ROC fees (refer Note 2)	(7.39)	(3.78)	7.40	2.88	0.35
(c) Revenue recognition (sales net of cost) (refer Note 3)	(0.07)	(0.23)	(7.10)	0.16	(4.78)
(d) Inventory Valuations (refer Note 4)	(0.45)	(0.41)	0.73	0.03	(0.95)
(e) Leases (refer Note 5)	-	-	-	(0.04)	(1.29)
<b>Total</b>	<b>(9.25)</b>	<b>(3.79)</b>	<b>0.26</b>	<b>2.24</b>	<b>(7.41)</b>
<b>B Prior period items (Refer to note B)#</b>					
(a) Provision for doubtful debt & Advances written back	-	-	0.98	(0.98)	-
<b>Total of Adjustments</b>	<b>(9.25)</b>	<b>(3.79)</b>	<b>1.24</b>	<b>1.26</b>	<b>(7.41)</b>
<b>C Taxation (refer Note D) #</b>					
(a) Mat Credit Entitlement	-	-	-	0.49	10.63
(b) Deferred tax charge/ (release)	105.74	(7.10)	8.67	(8.31)	(61.12)
<b>Total</b>	<b>105.74</b>	<b>(7.10)</b>	<b>8.67</b>	<b>(7.82)</b>	<b>(50.50)</b>
<b>D Effect of Adjustment on tax (refer Note D) #</b>					
(a) Current Tax	-	-	-	0.12	0.84
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.12</b>	<b>0.84</b>



### Annexure – III

Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) (continued) - TAL

(Amounts in Rupees million)					
Adjustments [(income)/expense] in Statement of profit and loss arising out of:	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<b>E Regroupings (refer Note C)</b>					
(a) Manufacturing Costs	39.61	39.04	86.18	101.84	126.36
(b) Raw materials consumed- Finished & Semi finished Products	-	-	(78.07)	(95.54)	(116.44)
(c) Other expenses	(39.61)	(39.04)	(8.11)	(6.30)	(9.92)

# Figures in brackets represent decrease in the expenses.





# Annexure - III

Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) (continued) -TAL

	(Amounts in Rupees million)				
Cumulative effect of above [increase / (decrease)] in Statement of assets and liabilities:	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
<b>A Changes in accounting policies/ correction of accounting policies (Refer Note A)</b>					
(a) Reserves and surplus	(97.39)	(86.50)	(96.40)	(89.96)	(32.90)
(b) Miscellaneous expenditure to the extent not written off (refer Note 2)	(7.39)	(11.16)	(3.76)	(0.88)	(0.52)
(c) Deferred Tax Asset	105.74	98.64	107.31	99.01	37.89
(d) Debtors (refer Note 3 Also refer Note B)	(3.27)	(0.71)	(14.82)	(18.17)	(27.54)
(e) Inventories (refer Note 3 and Note 4)	3.25	0.43	7.00	10.44	15.28
(f) Current liabilities and provision (refer Note 5)	-	-	-	0.07	(0.39)
(g) Fixed assets (refer Note 1)	(1.35)	(0.71)	(1.48)	(2.27)	(3.01)
(h) MAT credit entitlement	-	-	-	0.49	11.12
(i) Loans & Advances	0.41	0.01	1.16	1.27	0.07
<b>B Prior period items (refer Note B)</b>					
(a) Reserves and surplus	-	-	-	-	-
(b) Loans & Advances	-	-	0.42	-	-
(c) Debtors	-	-	0.57	-	-



## Annexure III

### Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) (continued) - TAL

#### Notes:

#### A. Changes in accounting policies

##### 1) Depreciation

In respect of Furniture & Fixture and Office equipment, rates for depreciation have been changed from 6.33% to 20 % and 4.75% to 16.67 % respectively on opening balance as at 1st April 2004.

Similarly Leasehold Improvements have been amortised over the useful life of the lease.

Also assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

Vehicles are depreciated at 9.5% on opening balance as 1<sup>st</sup> April 2004, instead of depreciating over a useful life of 2-10 years.

Adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009.

##### 2) Miscellaneous expenditure to the extent not written off

With effect from 1 April 2004, TAL adopted the accounting policy of writing off preliminary expenses comprising Registrar of Companies (ROC) fees, stamp duty charges, etc., in the year in which they were incurred. Accordingly, such expenses were written off in the accounts in the year in which they were incurred.

Expenses on account of Voluntary Retirement Scheme Compensation related to the year 31 March 2005 is written off over a period of two financial years instead of 36 months.

Adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009.

##### 3) Revenue recognition

Sale of goods is recognised when the goods are shipped. With effect from 1 April 2004, TAL adopted the accounting policy of recognizing the revenue from sale of goods on transfer of all significant risks and rewards of ownership in the goods to the customer. Risks and rewards are considered to be transferred on shipment of goods except in cases where the goods are shipped after 24<sup>th</sup> March (7 days being considered as transit period) every year and where the Insurance is in the scope of TAL such goods are shown as goods in transit and are stated at cost.

Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009.



### Annexure - III

#### Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) (continued) - TAL

The impact of these adjustments has been reflected in sales, debtors, inventories, Excise duty payable and cost of goods sold and is tabulated below:

	(Amounts in Rupees million)				
	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<u>Profit and loss account</u>					
(Increase)/ decrease in sales	2.86	0.70	13.66	16.90	27.47
Increase/ (decrease) in inventory	(2.80)	(0.39)	(6.24)	(9.65)	(15.45)
<u>Balance Sheet</u>					
Increase/ (decrease) in debtors	(3.27)	(0.71)	(14.82)	(18.17)	(27.54)
Increase/ (decrease) in inventory	2.80	0.39	6.24	9.65	15.45
(Increase)/ decrease in Loans & Advances (Excise Duty)	0.41	0.01	1.16	1.27	0.07

#### 4) *Inventory Valuation*

With effect from 1 April 2004, TAL has changed the accounting policy of valuing inventories on first in first out basis from weighted average. Cost includes all applicable cost incurred in bringing goods to their present location and condition. Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009.

#### 5) *Leases*

With effect from 1 April 2004, TAL has changed the accounting policy in respect of leases as per AS -19. Lease rents under operating leases are recognized in the Profit and Loss Account on a straight line basis over the lease term instead of recognizing it on accrual basis. Accordingly, adjustments have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated for the years ended 31 March 2008 and 31 March 2009.



## Annexure – III

### Notes to summary statement of profit and loss, as restated (Annexure I) and summary statement of assets and liabilities, as restated (Annexure II) (continued) - TAL

#### B. Prior period items

In the financial statements for the year ended 31 March 2008, Provision for doubtful debts Rs. 0.57 million and Provision for doubtful advances Rs. 0.41 million pertains to financial year ended 31 March 2007, has been disclosed as a prior period item. For the purposes of summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated, such prior period item has been appropriately adjusted in the year 31 March 2007.

#### C. Regroupings

Figures have been regrouped to ensure consistency of presentation. The following significant regroupings have been made in the summary statement of profit and loss, as restated and the summary statement of assets and liabilities, as restated:

- 1) Upto the year ended 31 March 2009, Factory rent, Power & Fuel (Manufacturing), Stores and tools consumed and Carriage Inwards were shown under “Administrative and Selling Expenses”. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009 such expenses have been regrouped and disclosed under other manufacturing expenses.
- 2) Upto the year ended 31 March 2007, Sub – Contract charges, Design & Engineering Expenses etc, were shown under “Administrative and Selling Expenses”. In the summary statement of profits and loss, as restated for the year ended 31 March 2005, 31 March 2006 and 31 March 2007 such expenses have been regrouped and disclosed under other manufacturing expenses.
- 3) For the year ended 31 March 2008 and 31 March 2009, Sub – Contract charges, Design & Engineering Expenses etc, were shown under “Raw Material, Finished and Semi-finished products”. In the summary statement of profits and loss, as restated for the year ended 31 March 2008 and 31 March 2009 such expenses have been regrouped and disclosed under other manufacturing expenses.

#### D. Taxation

Provision for taxation (income tax and deferred tax) for the respective years has been recomputed on the above adjusted profits on the basis of the rates applicable to the respective years.



## Annexure - III

### 2. Other audit qualifications, which do not require any corrective adjustment in the financial information, are as follows:

#### 1) Financial year ended 31 March 2005

According to the records of TAL, apart from certain instances of delays in depositing undisputed Sales tax, Value added tax, Employees' State Insurance and Income tax deduction/ Collected at source, TAL has been regular in depositing undisputed statutory dues.

According to the records of TAL and the information and explanations given to us, the dues of Income tax/ Sales tax/ Excise duty/ Custom duty/ Wealth tax/ Service Tax/ Cess, which have not been deposited on account of any dispute, are given below

Particulars	Amount (Rs Million) (To the extent not deposited)	Forum where the dispute is pending
Sales tax (1999-2000)	0.38	Assistant Commissioner of Sales tax

#### 2) Financial year ended 31 March 2006

According to the records of TAL, apart from certain instances of delays in depositing undisputed Sales tax, Value added tax, Employees State Insurance and Income tax deduction/ Collected at source, TAL has been regular in depositing undisputed statutory dues.

According to the records of TAL and the information and explanations given to us, the dues of Income tax/ Sales tax/ Excise duty/ Custom duty/ Wealth tax/ Service Tax/ Cess, which have not been deposited on account of any dispute, are given below

Particulars	Amount (Rs Million) (To the extent not deposited)	Forum where the dispute is pending
Sales tax (1999-2000)	0.38	Assistant Commissioner of Sales tax

#### 3) Financial year ended 31 March 2007

- 1) TAL had in an earlier year executed a contract in respect of which the customer had withheld its dues against claims for rectification aggregating Rs. 74.00 million. In addition TAL has given bank guarantees aggregating Rs. 47.70 million as security towards Liquidated damages for delay in completion of the project. Further, since the full payments have not been received from the customer, TAL has not been able to complete the process required for claiming the export benefits. Consequently the benefit of Rs. 17.40 million included in "Loans & Advances" in the Balance Sheet is pending recovery. The above matter is under negotiation/ follows up and TAL is confident that no liability will devolve on it on this account.



## Annexure - III

- 2) According to the records of TAL, apart from certain instances of delays in depositing undisputed Sales tax, Value added tax, Employees' State Insurance and Income tax deduction/ Collected at source, TAL has been regular in depositing undisputed statutory dues.

According to the records of TAL and the information and explanations given to us, the dues of Income tax/ Sales tax/ Excise duty/ Custom duty/ Wealth tax/ Service Tax/ Cess, which have not been deposited on account of any dispute, are given below

Particulars	Amount (Rs Million) (To the extent not deposited)	Forum where the dispute is pending
Sales tax (1999-2000)	0.36	Joint Commissioner (Appeals) Trade Tax
Sales tax (1997-1998)	0.22	Joint Commissioner (Appeals) Trade Tax

### 4) Financial year ended 31 March 2008

- 1) TAL had in an earlier year executed a contract in respect of which the customer had withheld its dues against claims for rectification aggregating Rs. 56.63 million. In addition TAL has given bank guarantees aggregating Rs. 47.70 million as security towards Liquidated damages for delay in completion of the project. Further, since the full payments have not been received from the customer, TAL has not been able to complete the process required for claiming the export benefits. Consequently the benefit of Rs. 15.81 million included in "Loans & Advances" in the Balance Sheet is pending recovery. The above matter is under negotiation/ follows up and TAL is confident that no liability will devolve on it on this account.
- 2) According to the records of TAL, apart from certain instances of delays in depositing undisputed Sales tax, Value added tax, Employees' State Insurance and Income tax deduction/ Collected at source, TAL has been regular in depositing undisputed statutory dues.

According to the records of TAL and the information and explanations given to us, the dues of Income tax/ Sales tax/ Excise duty/ Custom duty/ Wealth tax/ Service Tax/ Cess, which have not been deposited on account of any dispute, are given below

Particulars	Amount (Rs Million) (To the extent not deposited)	Forum where the dispute is pending
Sales tax (1999-2000)	0.36	Joint Commissioner (Appeals) Trade Tax
Sales tax (1997-1998)	0.22	Joint Commissioner (Appeals) Trade Tax
Income tax (AY 2001-2002)	7.38	High Court, Bombay



## Annexure - III

### 5) Financial year ended 31 March 2009

- 1) TAL had in an earlier year executed a contract in respect of which the customer had withheld its dues against claims for rectification aggregating Rs. 56.63 million. In addition TAL has given bank guarantees aggregating Rs. 47.70 million as security towards Liquidated damages for delay in completion of the project. Further, since the full payments have not been received from the customer, TAL has not been able to complete the process required for claiming the export benefits. Consequently the benefit of Rs. 7.64 million included in "Loans & Advances" in the Balance Sheet is pending recovery. The above matter is under negotiation/ follows up and TAL is confident that no liability will devolve on it on this account. However being conservative since long time has elapsed TAL has provided for this amount as doubtful of recovery. Similarly TAL has also provided for Rs. 37.39 million out of the above dues of Rs. 56.63 million as doubtful of recovery.
- 2) According to the records of TAL, apart from certain instances of delays in depositing undisputed Sales tax, Value added tax, Employees State Insurance and Income tax deduction/ Collected at source, TAL has been regular in depositing undisputed statutory dues.

According to the records of TAL and the information and explanations given to us, the dues of Income tax/ Sales tax/ Excise duty/ Custom duty/ Wealth tax/ Service Tax/ Cess, which have not been deposited on account of any dispute, are given below.

Particulars	Amount (Rs Million) (To the extent not deposited)	Forum where the dispute is pending
Sales tax (2001-2002)	12.41	Deputy Commissioner of Sales tax, Mumbai
Sales tax (1997-1998) to (20001-02)	2.61	Deputy Commissioner of of Sales tax, UP
Sales tax (2005-2006)	5.11	Deputy Commissioner of Sales tax, Kolkata
Sales tax (2003-2004)	1.51	Deputy Commissioner of Sales tax, Kolkata
Sales tax (2002-2003)	5.20	Deputy Commissioner Assessment, Mumbai
Income tax (AY 2001-2002)	7.38	High Court, Mumbai



### Annexure - III

**3. Reconciliation between the audited and the restated accumulated profit and loss balance as at 1 April 2004, is given below:**

**Profit and Loss Account as at 1 April 2004**

**(Amount in Rupees millions)**

<b>Particulars</b>	
Profit and Loss Account as at 1 April 2004 (Audited)	(193.85)
Inventory Valuation (refer point no. 4 of note A "Changes in Accounting policies")	0.90
<b>Profit and Loss Account as at 1 April 2004 (Restated) (Debit balance)</b>	<b>(192.95)</b>





## Annexure - III

### 4. Other Significant notes (based on audited financial statements) and changes in the business of TAL during the last five financial years

Tecpro Ashtech Limited (Formerly known as Mahindra Ashtech Limited) is an engineering company primarily engaged in designing, engineering, manufacturing, supply, installation and erection of Ash handling systems.

#### 1. Year ended 31 March 2005

- a) During the financial year 2004-2005, Company shifted its operations from Mumbai to Pune and successfully implemented a voluntary retirement scheme for right sizing the workforce as a part of its overall plan.
- b) TAL became a potential Sick Company as the accumulated losses as at 31<sup>st</sup> March 2004 stands at Rs. 193.86 Millions vis-à-vis the peak net worth during the immediately preceding four financial year of Rs. 56.96 millions pertaining to the financial year 2000-2001, resulting in erosion of more than 50% of the said peak net worth. As required by the Sick Industrial Companies (Special Provisions) Act, 1985, TAL has filed an application (Form C) with the Board for Industrial and Financial Reconstruction since the accumulated losses of TAL are more than Fifty percent of its net worth and also TAL has incurred cash losses during the two immediately preceding financial years.

TAL has filed an application (Form – C) with the Board for Industrial & Financial Reconstruction on 8<sup>th</sup> Sept. 2004 since the accumulated losses of TAL was more than 50% of its Net Worth and also TAL has incurred cash losses during the two immediately preceding financial years

- c) TAL issued and allotted 1,00,00,000 Equity Shares of Face value of Rs. 10 each aggregating to Rs. 100 Millions to Mahindra & Mahindra Limited. Consequent to this, TAL has ceased to be a Subsidiary of Mahindra Holdings and Finance Limited and became a direct Subsidiary of Mahindra & Mahindra Limited.
- d) Fixed Assets includes Vehicles Rs. 1.30 millions at Cost yet to be registered in TAL's name pending completion of transfer formalities and other assets Rs. 7.86 million at Cost held for disposal.
- e) Contingent Liabilities not provided for:
  - 1) In respect of contracts for design, manufacture, supply, erection and commissioning of Plant & Equipment, placed with TAL by various customers, the committed dates of completion had expired and hence strictly in terms with the relative contacts, TAL could be liable for liquidated damages/ Penalties, the amount of which is estimated at a ceiling of Rs. 76.95 million. However TAL expects to have the Liquidated damages/ Penalties to be waived.
  - 2) Claims against the Companies not acknowledged as debts:

Sales Tax –	Rs. 0.38 million
Income Tax –	Rs. 7.38 million
- f) TAL had in an earlier year executed a contract in respect of which the customer had withheld its dues against claims for rectification aggregating Rs. 21.00 Million. In addition TAL has given bank guarantees aggregating Rs. 47.70 million as security towards Liquidated damages. Whilst TAL does not acknowledge these claims as debt, TAL in turn has counter claims aggregating Rs. 13.00 million for extra work done by TAL outside the purview of the original contract. The matters are under negotiation and TAL is confident that no liability would devolve on it on this account.



### Annexure - III

#### Other Significant notes (based on audited financial statements) and changes in the business of TAL during the last five financial years (Continued)

##### 2) Year ended 31 March 2006

- a) During the financial year 2005-2006, Company went through a major Business Process Re-engineering by shifting the design & engineering department from Kolkata to Pune. This has made TAL more responsive at the market place.
- b) As mentioned above in the year 2004-2005, TAL continues to be a Potential Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 in the current year also.  
TAL has filed an application (Form – C) with the Board for Industrial & Financial Reconstruction on 8<sup>th</sup> Sept. 2004 since the accumulated losses of TAL was more than 50% of its Net Worth and also TAL has incurred cash losses during the two immediately preceding financial years
- c) During the year, TAL had issued and allotted 1,00,00, 8.5% Cumulative Redeemable Preference Shares (Face Value Rs.100 each) aggregating Rs. 10 Millions on a rights basis to Mahindra & Mahindra Limited, the holding Company.
- d) Fixed Assets includes Vehicles Rs. 0.86 millions at Cost yet to be registered in TAL's name pending completion of transfer formalities and Plant & Machinery Rs 0.91 million held for disposal.
- e) Contingent Liabilities not provided for:
  - 1) In respect of contracts for design, manufacture, supply, erection and commissioning of Plant & Equipment, placed with TAL by various customers, the committed dates of completion had expired and hence strictly in terms with the relative contacts, TAL could be liable for liquidated damages/ Penalties, the amount of which is estimated at a ceiling of Rs. 94.67 million. However TAL expects to have the Liquidated damages/ Penalties to be waived.
  - 2) Claims against the Companies not acknowledged as debts:

Sales Tax –	Rs.0.38 Million
Income Tax –	Rs 7.38 Million.
Labour Matters -	Rs 1.00 Millions
  - 3) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 0.05 Millions.
  - 4) TAL had in an earlier year executed a contract in respect of which the customer had withheld its dues against claims for rectification aggregating Rs. 21.00 Million. In addition TAL has given bank guarantees aggregating Rs. 47.70 million as security towards Liquidated damages. Whilst TAL does not acknowledge these claims as debt, TAL in turn has counter claims aggregating Rs. 13.00 million for extra work done by TAL outside the purview of the original contract. The matters are under negotiation and TAL is confident that no liability would devolve on it on this account.



## Annexure – III

### Other Significant notes (based on audited financial statements) and changes in the business of TAL during the last five financial years (Continued)

#### 3) Year ended 31 March 2007

- a) As mentioned above in the year 2005-2006, TAL continues to be a Potential Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 in the current year also.  
TAL has filed an application (Form – C) with the Board for Industrial & Financial Reconstruction on 8<sup>th</sup> Sept. 2004 since the accumulated losses of TAL was more than 50% of its Net Worth and also TAL has incurred cash losses during the two immediately preceding financial years
- b) The 8.5% Cumulative Redeemable Preference Shares issued by TAL during the financial year 2005-2006 were due for redemption at the end of one year from the date of allotment i.e. 31<sup>st</sup> March 2006. The terms of the issue were amended on 30<sup>th</sup> March 2007, such that these shares would now be redeemable in the first quarter of the financial year 2008-2009
- c) Sundry Debtors outstanding includes Rs. 170.08 which in accordance with the terms of the contracts were not due for payment as at 31<sup>st</sup> March 2007. The said amount includes 49.30 million in respect of the projects where TAL has completed its scope of work (Except for minor activities) but is pending performance test by the customer. As the performance test are pending solely on account of delays at the customers end. TAL is confident of recovery of the aforesaid amount of Rs. 49.30 millions.
- d) Loans & Advances include Rs. 19.60 million towards export benefit in respect of which TAL has completed its scope of work (Except for minor activities) but is pending performance test by the customer owing solely on account of delays at the customers end. Consequently, TAL has not been able to complete the process required for claiming the export benefits. TAL is confident of recovery of the aforesaid amount of Rs. 19.60 millions.
- e) Contingent Liabilities not provided for:
  - 1) In respect of contracts for design, manufacture, supply, erection and commissioning of Plant & Equipment, placed with TAL by various customers, the committed dates of completion had expired and hence strictly in terms with the relative contacts, TAL could be liable for liquidated damages/ Penalties, the amount of which is estimated at a ceiling of Rs. 100.82 million including Rs. 40.50 million in respect of projects where TAL has completed its scope of work (except for certain minor activities) but is pending performance test by the customer owing solely to delays at the customers end. However TAL expects to have the Liquidated damages/ Penalties to be waived.
  - 2) Claims against the Companies not acknowledged as debts:

Sales Tax –	Rs 0.58 Million
Income Tax –	Rs 7.38 Million.
Labour Matters -	Rs 0.55 Million



## Annexure – III

### Other Significant notes (based on audited financial statements) and changes in the business of TAL during the last five financial years (Continued)

- 3) TAL had entered into a Memorandum of settlement with the Employees Union which represents 63 employees, which was valid upto 31<sup>st</sup> March, 2004. TAL has received a Charter of Demand from the union for the period 1<sup>st</sup> April 2004 till 31<sup>st</sup> March 2007 and has in turn submitted its Charter of Requirements. The union has filed a complaint with the Deputy Commissioner of Labour and TAL has also filed its response. During the negotiations, TAL has made a final offer of Rs. 700 per person per month, effective on a prospective basis starting from the date of signing of wage agreement, which has not been agreed to by the Union. Because the settlement is expected by the management to be on a prospective basis, no provision is considered necessary by TAL in the accounts as at 31<sup>st</sup> March 2007.
- 4) Sales Tax “C” forms pending collection from the customers - estimated tax thereon Rs. 10.17 million. TAL is confident that no liability will devolve on it on this account as it expects to collect all the forms.

#### 4) Year Ended 31 March 2008

- a) During the current year TAL was taken over by Fusion Fittings (India) Limited, a listed Company with effect from 4<sup>th</sup> January 2008. During the year TAL also made a fresh issue of 7,000,100 Equity Shares of Face value of Rs. 10 each aggregating to Rs. 70.00 million to Fusion Fittings (India) Limited
- b) During the year 8.5% Cumulative Redeemable Preference Shares of Rs. 155.00 million were redeemed by TAL. Also 24,000 (Face Value Rs.100) 0.01% compulsorily convertible Preference Shares were issued by TAL. These Preference Shares are convertible into such number of Equity Shares as would represent such percentage of shareholding arrived at dividing the total subscription received against the Preference Shares by the post – Money Equity valuation of TAL i.e. 5.5 times of Audited profits after tax for the financial year ended 2009. or INR 1237.50 million whichever is less.
- c) Sundry Debtors outstanding includes Rs. 242.47 million which in accordance with the terms of the contracts were not due for payment as at 31<sup>st</sup> March 2008. The said amount includes 42.97 million in respect of the projects where TAL has completed its scope of work (Except for minor activities) but is pending performance test by the customer. As the performance test are pending solely on account of delays at the customers end. TAL is confident of recovery of the aforesaid amount of Rs. 42.97 million.
- d) Loans & Advances include Rs. 18.90 million towards export benefit in respect of which TAL has completed its scope of work (Except for minor activities) but is pending performance test by the customer owing solely on account of delays at the customers end. Consequently, TAL has not been able to complete the process required for claiming the export benefits. TAL is confident of recovery of the aforesaid amount of Rs. 18.90 millions.
- e) Contingent Liabilities not provided for:
  - 1) In respect of contracts for design, manufacture, supply, erection and commissioning of Plant & Equipment, placed with TAL by various customers, the committed dates of completion had expired and hence strictly in terms with the relative contacts, TAL could be liable for liquidated damages/ Penalties, the amount of which is estimated at a ceiling of Rs. 127.66 million including Rs. 40.30 million in respect of projects where TAL has completed its scope of work (except for certain minor activities) but is pending performance test by the customer owing solely to delays at the customers end. TAL has clarified that extension of the contractual completion dates are granted after the contract is completed. TAL expects to have the Liquidated damages/ Penalties to be waived.
  - 2) Claims against the Companies not acknowledged as debts:

Sales Tax –	Rs 0.58 Million
Income Tax –	Rs 7.38 Million.
Labour Matters -	Rs 1.20 Million



- 3) Sales Tax “C” forms pending collection from the customers - estimated tax thereon Rs. 18.68 million. TAL is confident that no liability will devolve on it on this account as it expects to collect all the forms.
- f) TAL has received a show cause cum demand notice from The Additional Commissioner of Central Excise (Adjudication Cell, Pune – 1) for Rs.4.64 million for Service Tax pertaining to erection, commissioning and installation activities upto 31<sup>st</sup> May 2007. TAL has, based on legal advice, responded to the show cause notice stating that Long Term Contracts entered into by TAL, which include the aforesaid activities do not attract Service Tax for period prior to 1<sup>st</sup> June 2007. Thereafter TAL has registered itself under Works Contracts Services with effect from 1<sup>st</sup> June 2007 and has provided for the liability.
- g) TAL has filed an application (Form – C) with the Board for Industrial & Financial Reconstruction on 16<sup>th</sup> January 2008 since the accumulated losses of TAL as on 31<sup>st</sup> March 2007 was more than 50% of its Net Worth and also TAL has incurred cash losses during the same financial year. However as at 31<sup>st</sup> March 2008 the accumulated losses of TAL are not more than 51% of its Net Worth.

#### 5) Year Ended 31 March 2009

- a) To consolidate by way of Corporate Restructuring, the Board of Directors of TAL has proposed a Scheme of Amalgamation with Tecpro Systems Limited (TSL) along with Tecpro Power Systems Limited (TPSL) to create a single robust entity which would carry on businesses that are integrated and complementary in nature.
- b) During TAL also made a fresh issue of 24, 00,000 Equity Shares of Face value of Rs. 10 each aggregating to Rs. 24.00 million.
- c) During the previous year 24,000 (Face Value Rs.100) 0.01% compulsorily convertible Preference Shares were issued by TAL. These Preference Shares are now convertible into such number of Equity Shares as would represent such percentage of shareholding arrived at dividing the total subscription received against the Preference Shares by the post – Money Equity valuation of TAL i.e. 4.25 times of Audited profits after tax for the financial year ended 2010. Or INR 1237.50 million whichever is less.
- d) Sundry Debtors outstanding includes Rs. 464.63 million which in accordance with the terms of the contracts were not due for payment as at 31<sup>st</sup> March 2009. The said amount includes 97.82 million in respect of the projects where TAL has completed its scope of work (Except for minor activities) but is pending performance test by the customer. As the performance test is pending solely on account of delays at the customers end. TAL is confident of recovery of the aforesaid amount of Rs. 97.82 million.
- e) Loans & Advances include Rs. 22.22 million towards export benefit in respect of which TAL has completed its scope of work (Except for minor activities) but is pending performance test by the customer owing solely on account of delays at the customers end. Consequently, TAL has not been able to complete the process required for claiming the export benefits. TAL is confident of recovery of the aforesaid amount of Rs. 22.22 millions.
- f) Contingent Liabilities not provided for:
  - 1) In respect of contracts for design, manufacture, supply, erection and commissioning of Plant & Equipment, placed with TAL by various customers, the committed dates of completion had expired and hence strictly in terms with the relative contracts, TAL could be liable for liquidated damages/ Penalties, the amount of which is estimated at a ceiling of Rs. 165.25 million including Rs. 11.34 million in respect of projects where TAL has completed its scope of work (except for certain minor activities) but is pending performance test by the customer owing solely to delays at the customers end. TAL has clarified that extension of the contractual completion dates are granted after the contract is completed. TAL expects to have the Liquidated damages/ Penalties to be waived. Till date no customer of TAL has formally imposed Liquidated Damages for any Long Term Contract.
  - 2) Claims against the Companies not acknowledged as debts:

Sales Tax –	Rs 26.83 Million
Income Tax –	Rs 7.38 Million.



Labour Matters - Rs 1.20 Million

- 3) Sales Tax “C” forms pending collection from the customers - estimated tax thereon Rs. 27.45 million. TAL is confident that no liability will devolve on it on this account as it expects to collect all the forms.
- g) TAL has received a show cause cum demand notice from The Additional Commissioner of Central Excise (Adjudication Cell, Pune – 1) for Rs.4.64 million for Service Tax pertaining to erection, commissioning and installation activities upto 31<sup>st</sup> May 2007. TAL has, based on legal advice, responded to the show cause notice stating that Long Term Contracts entered into by TAL, which include the aforesaid activities do not attract Service Tax for period prior to 1<sup>st</sup> June 2007. Thereafter TAL has registered itself under Works Contracts Services with effect from 1<sup>st</sup> June 2007 and has provided for the liability. A personal hearing in respect of this show cause notice was granted by The Additional Commissioner and the order is awaited.



# Annexure - IV

## Statement of cash flows, as restated - TAL

(Amount in Rupees million)

Particulars	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
<b>Cash Flow from Operating Activities</b>					
Profit/ (Loss) before tax	(93.03)	1.62	(16.18)	20.88	202.78
<b>Adjustments for:</b>					
Depreciation and amortization	5.29	4.93	4.46	4.72	7.41
(Profit) / Loss on sale of fixed assets	1.17	(0.17)	(0.91)	(0.02)	(0.29)
Miscellaneous Expenses Written Off	11.17	11.29	0.12	13.55	12.50
Dividend income	-	-	-	-	-
Interest income	-	-	-	-	-
Interest Expenses	11.09	9.70	15.70	18.85	28.00
Bad debts written off	-	-	-	-	-
Creditors balances written back	-	-	-	-	-
Provision for bad and doubtful debts	-	-	-	-	-
<b>Operating Profit/ (loss) before changes in working capital</b>	<b>(64.31)</b>	<b>27.37</b>	<b>3.19</b>	<b>57.98</b>	<b>250.40</b>
<b>Adjustments for (Increase)/decrease in working capital</b>					
Miscellaneous Expenditure incurred	(22.34)	(0.24)	-	(1.05)	-
Sundry debtors	(7.57)	(239.21)	(24.09)	(262.62)	(754.89)
Loans and advances	4.04	(6.56)	(20.39)	(13.97)	(25.28)
Inventories	18.71	(3.72)	(15.05)	(15.40)	(5.24)
(Increase)/ Decrease in other current assets	(18.91)	11.57	14.46	3.57	(47.39)
Current liabilities and provisions	(1.05)	274.19	(24.20)	82.26	628.98
<b>Net changes in working capital</b>	<b>(91.43)</b>	<b>63.40</b>	<b>(66.08)</b>	<b>(149.23)</b>	<b>46.58</b>
Direct taxes paid	-	(0.44)	(1.01)	(0.93)	(1.55)
Fringe benefit tax paid	-	-	-	-	-
<b>Cash generated from/ (used in) operations (A)</b>	<b>(91.43)</b>	<b>62.96</b>	<b>(67.09)</b>	<b>(150.16)</b>	<b>45.03</b>
<b>Cash flow from investing activities</b>					
Sale of fixed assets	0.11	5.16	1.38	0.02	0.75
Purchase of fixed and intangible assets	(3.23)	(7.05)	(1.60)	(4.86)	(17.74)
Share application money pending allotment	-	-	-	-	-
Purchase of investments	-	-	-	-	-
Dividend received	-	-	-	-	-
Interest received	-	-	-	-	-
<b>Net cash (used in) /generated from investing activities (B)</b>	<b>(3.12)</b>	<b>(1.89)</b>	<b>(0.22)</b>	<b>(4.84)</b>	<b>(16.99)</b>
<b>Cash flow from financing activities</b>					
Issue of equity share capital	-	-	-	70.00	24.00
Issue of preference share capital	-	10.00	-	-	-
Receipt of share application money pending allotment	100.00	-	-	-	-
Securities premium received on issue of equity share capital	-	-	-	397.60	-
Share issue expenses	-	-	-	-	-
Proceeds from borrowings	14.00	10.21	86.52	101.03	114.13
Repayment of long term borrowings	-	(60.52)	(12.17)	(90.18)	(2.00)
Redemption of Preference Shares	-	-	-	(152.60)	-
Proceeds from borrowings from directors	-	-	-	-	-
Repayment of borrowings from directors	-	-	-	-	-



## Annexure - IV

### Statement of cash flows, as restated (continued) –TAL

Particulars	(Amount in Rupees million)				
	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
Proceeds from borrowings from subsidiary	-	-	-	-	-
Repayment of borrowings from subsidiary	-	-	-	-	-
Preference dividend paid	-	-	-	-	-
Interim dividend paid	-	-	-	-	-
Dividend taxes paid	-	-	-	-	-
Interest paid	(11.07)	(10.80)	(15.34)	(16.91)	(26.45)
<b>Net cash (used in)/ generated from financing activities (C)</b>	<b>102.93</b>	<b>(51.11)</b>	<b>59.01</b>	<b>308.94</b>	<b>109.68</b>
<b>Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>8.38</b>	<b>9.96</b>	<b>(8.30)</b>	<b>153.94</b>	<b>137.72</b>
Cash and cash equivalents at the beginning of the year	2.42	10.80	20.76	12.46	166.40
<b>Cash and cash equivalents at the end of the year</b>	<b>10.80</b>	<b>20.76</b>	<b>12.46</b>	<b>166.40</b>	<b>304.12</b>
Cash and cash equivalents at the year end comprise:					
Cash in hand	4.55	15.09	1.32	0.21	0.65
Balances with scheduled banks:					
- On current accounts	6.24	5.63	11.14	11.77	26.05
- In other accounts	0.01	0.04	-	154.42	277.42
	<b>10.80</b>	<b>20.76</b>	<b>12.46</b>	<b>166.40</b>	<b>304.12</b>

Note:

1. To be read together with summary of significant accounting policies (Annexure III) and Notes to summary statement of restated profit and loss and restated assets and liabilities (Annexure III).
2. Figures have been regrouped to ensure consistency of presentation.





## **Annexure V**

### **Statement of dividends declared - TAL**

1. No dividends on Equity Shares were declared for the years ended 31st March 2005, 31<sup>st</sup> March 2006, 31<sup>st</sup> March 2007, 31<sup>st</sup> March 2008 and 31st March 2009.
2. No dividends on Preference Shares were declared for the years ended 31st March 2005, 31<sup>st</sup> March 2006, 31<sup>st</sup> March 2007, 31<sup>st</sup> March 2008 and 31st March 2009.



## Annexure VI

### Statement of secured and unsecured loans - TAL

#### Unsecured loans, as restated

(Amounts in Rupees million)

Source	As at 31 March 2005	As at March 2006	31 As at March 2007	As at 31 March 2008	As at 31 March 2009
From promoters	-	-	-	-	-
From others	6.20	9.50	33.70	2.00	-
<b>Total</b>	<b>6.20</b>	<b>9.50</b>	<b>33.70</b>	<b>2.00</b>	<b>-</b>

#### Secured loans, as restated

(Amounts in Rupees million)

Source	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
1. Term loans from bank	-	-	-	-	-
2. Export packing credit from bank	-	-	-	-	-
3. Cash credit from bank	61.93	7.69	58.01	100.10	212.98
4. Overdraft from bank	-	-	-	-	-
5. Car loans from bank	-	-	-	0.63	0.43
6. Car loans from others	-	0.63	0.47	0.28	1.75
7. Interest accrued and due on term loan	-	-	-	-	-
8. Financing against foreign letter of credit	-	-	-	-	-
<b>Total</b>	<b>61.93</b>	<b>8.32</b>	<b>58.48</b>	<b>101.03</b>	<b>215.16</b>

The terms and conditions of the secured loans outstanding as at 31 March 2009 including interest rates, principal terms of security and repayment terms are given in the table below:

Source	Security	Interest rate	Repayment terms
1. Cash credit from bank Rs. 212.99 million	Secured against first charge on the current assets (Stock and debtors) of TAL.	14.25%	As per the agreement dated 04.02.2009. The facility terminates on 03.02.2010.



Source	Security	Interest rate	Repayment terms
2. Car loans from bank Rs. 0.43 million	Secured against respective vehicles.	10.5%	Amount payable within one year from the Balance Sheet date Rs. 0.21 million. Amount payable between one year to three years Rs. 0.22 million.
3. Car loans from others Rs. 1.75 million	Secured against respective vehicles.	10%-15%	Amount payable within one year from the Balance Sheet date Rs. 0.79 million.  Amount payable between one year to three years Rs. 0.96 million.



## Statement of other income, as restated - TAL

Particulars	For the year ended 31 March 2005	For the year ended 31 March 2006	For the year ended 31 March 2007	For the year ended 31 March 2008	For the year ended 31 March 2009	Related/ Not related Business Activity
<b>Recurring</b>						
Interest received	0.03	0.16	0.08	2.54	16.99	Related
Sales of Scrap	5.93	0.65	1.52	1.38	1.70	Related
<b>Non recurring</b>						
Duty Drawback	-	-	7.61	-	2.09	Related
Creditor balances written Back	0.08	5.77	0.43	0.15	1.01	Related
Miscellaneous income	2.03	2.63	2.15	0.02	4.09	Related
<b>Total</b>	<b>8.07</b>	<b>9.21</b>	<b>11.79</b>	<b>4.09</b>	<b>25.88</b>	

## Notes:

1. The classification of income as recurring / non - recurring and related / not related to business activity is based on the current operations and business activity of TAL as determined by the management.



## Annexure - VIII

### Statement of accounting ratios - TAL

(Amounts in Rupees million)

	Year ended 31 March 2005	Year ended 31 March 2006	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
Net Profit before extraordinary items but after adjusted tax (Rs. millions ) (A)	17.04	-	-	11.63	128.34
Net worth at the end of the year (Rs. Millions ) (B)	151.77	166.41	157.87	472.00	636.85
Net worth excluding preference share capital at the end of the year (Rs. millions) (C)	6.77	11.41	2.87	469.61	634.45
Weighted average number of equity shares outstanding during the year (D) (Refer note 8 below)	9,767,671	15,500,000	15,500,000	19,047,969	22,710,511
Weighted average number of equity shares and dilutive potential equity shares outstanding during the year (F) (Refer note 8 below)	9,767,671	15,500,000	15,500,000	19,047,969	22,710,511
Total number of equity shares outstanding at the end of the year (E)	15,500,000	15,500,000	15,500,000	22,500,100	24,900,100
Earnings per equity share (Rs.)					
- Basic (A/D)	1.74	-	-	0.61	5.65
- Diluted (A/F)	1.74	-	-	0.61	5.65
Return on Net Worth (%) (A/B)	11.23%	-	-	2.46%	20.16%
Net asset value per share (Rs.) (C/E)	0.44	0.74	0.19	20.87	25.48

Notes:

1. The ratios have been computed as follows:

Earnings per share

$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$$

Return on net worth

$$\frac{\text{Net profit after adjusted tax}}{\text{Net worth as at the end of the year}} \times 100$$

Net asset value per equity share

$$\frac{\text{Net worth as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$



2. Restated net profit, as appearing in the summary statement of profits and losses, as restated and net worth as appearing in the statement of assets and liabilities, as restated, has been considered for the purpose of computing the above ratios.
3. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” prescribed by the Companies (Accounting Standards) Rules, 2006.
4. For the purpose of computing Return on Net Worth, preference share capital has been included for calculating Net Worth.
5. For the purpose of calculating Net Assets Value, preference share capital has not been included for calculating the Net Worth.



# Annexure IX

Capitalisation statement as at 31 March 2009, as restated - TAL

(Amounts in Rupees million)

Particulars	Pre-issue	Post-issue
<b>Borrowings</b>		
Short term debts	212.98	
Long term debts	2.18	
<b>Total debts</b>	<b>215.16</b>	
<b>Shareholders' funds</b>		
Share capital	251.40	
Reserves		
- Capital Reserve	38.86	
- Securities premium	397.60	
- Profit and Loss Account (Dr.)	(51.01)	
<b>Total shareholders' funds</b>	<b>636.85</b>	
Long term debt / equity ratio	0.003:1	

Notes:

1. Cash credit from banks are considered as short term debts and Car loans are considered as Long term debt.
2. The figures included above are as per the summary statements of assets and liabilities and profits and losses, as restated.
3. Long term debt / equity ratio

$$\frac{\text{Long term debt}}{\text{Total shareholder's funds}}$$



## Annexure - X

## Statement of tax shelters, as restated - TAL

(Amount in Rupees million)

Particulars	For the year ended 31 March 2005	For the year ended 31 March 2006	For the year ended 31 March 2007	For the year ended 31 March 2008	For the year ended 31 March 2009
Profit / loss before current and deferred taxes, as restated <b>(A)</b>	(93.03)	1.62	(16.19)	20.87	202.78
Tax Rate - Normal <b>(B)</b>	36.60%	33.66%	33.66%	33.99%	33.99%
Tax expense at applicable tax rate on restated profits <b>(D) = (A) * (B)</b> # (Refer to note below)	-	-	-	0.38	22.97
<b>Permanent Differences</b>					
<b>Total (F)</b>	-	-	-	-	-
<b>Temporary Differences</b>					
Difference between tax depreciation and book depreciation	(10.50)	(8.36)	(7.93)	(6.42)	(5.35)
Voluntary Retirement Scheme	(0.69)	2.31	5.32	19.63	23.08
Provision for leave encashment	3.33	4.09	4.34	4.52	5.00
Provision for gratuity	23.99	24.18	25.17	22.82	9.25
Provision for doubtful debts	4.36	9.59	12.69	11.71	74.78
Provision for Estimated losses on incomplete contracts	8.30	2.97	0.92	1.16	1.76
Bonus	0.49	0.36	0.66	1.55	2.95
Brought forward losses	259.64	257.90	277.64	236.31	-
<b>Total (G)</b>	<b>288.92</b>	<b>293.04</b>	<b>318.81</b>	<b>291.28</b>	<b>111.47</b>
Tax expenses/(savings) thereon					
<b>Total (H) = (G) * (B)</b>	105.74	98.64	107.31	99.00	37.89
<b>Net impact (I) = (D) + (H)</b>	<b>105.74</b>	<b>98.64</b>	<b>107.31</b>	<b>99.38</b>	<b>60.91</b>
<b>Tax provision - Current tax (restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.38</b>	<b>22.97</b>

# Provision for income tax has been computed as per the provisions of Section 115JB of the Income Tax Act.





## Annexure - XI

## Break up of ageing schedule of Sundry debtors, as restated - TAL

(Amounts in Rupees million)

	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
<i>Unsecured</i>					
Debts outstanding for a period exceeding six months					
- Considered good	119.99	153.29	235.92	295.21	387.94
- Considered doubtful	1.21	4.32	4.21	3.64	61.35
<i>Others</i>					
- Considered good	60.13	247.15	188.03	391.93	1054.09
- Considered doubtful	-	-	-	-	0.36
	<b>181.33</b>	<b>404.76</b>	<b>428.16</b>	<b>690.78</b>	<b>1503.74</b>
Less: Provision for doubtful debts	1.21	4.32	3.64	3.64	61.71
	<b>180.12</b>	<b>400.44</b>	<b>424.52</b>	<b>687.14</b>	<b>1442.03</b>

**Break up of loans and advances, as restated - TAL**

	(Amounts in Rupees million)				
	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
<i>Unsecured and considered good</i>					
Advances recoverable in cash or in kind or for value to be received	54.93	59.80	82.30	95.77	82.75
Payment towards Income Tax	1.52	1.03	0.91	1.22	12.99
Balances with Government authorities (Custom, Excise, Port Trust, Sales Tax etc.)	1.23	3.72	1.60	1.56	28.36
	<b>57.68</b>	<b>64.55</b>	<b>84.81</b>	<b>98.55</b>	<b>124.10</b>

Notes:

I. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2009 include:

- 1) Amount due from directors of TAL: Rs.NIL.
- 2) Amounts due from companies forming part of the promoter group as defined in the SEBI Regulations:-  
Rs. NIL

II. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2008 include:

- 1) Amount due from directors of TAL: Rs.NIL
- 2) Amounts due from companies forming part of the promoter group as defined in the SEBI Regulations:-  
a. Rs. 27, 35,265 from Mahindra and Mahindra Ltd.

III. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2007 include:

- 1) Amount due from directors of TAL: Rs.NIL
- 2) Amounts due from companies forming part of the promoter group as defined in the SEBI Regulations:-  
a. Rs. 16,74,293 from Mahindra and Mahindra Ltd.

IV. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2006 include:

1. Amount due from directors of TAL: Rs.NIL.
2. Amounts due from companies forming part of the promoter group as defined in the SEBI Regulations:-Rs.Nil

V. Balances due from promoter / promoter groups / promoter group companies as at 31 March 2005 include:

1. Amount due from directors of TAL: Rs.NIL
2. Amounts due from companies forming part of the promoter group as defined in the SEBI Regulations:-Rs.Nil



## Statement of aggregate book value and market value of investments, as restated - TAL

(Amounts in Rupees million)

	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
<b>Investments</b>					
National Savings Certificate 2 Units of Rs.10, 000 each fully paid up.	0.02	0.02	0.02	0.02	0.02
<b>Total</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

(Amounts in Rupees million)

	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009
Aggregate book value and market value of quoted investments and book value of unquoted investments:					
<b>Mutual funds</b>					
- Aggregate book value	-	-	-	-	-
- Aggregate net asset value	-	-	-	-	-
<b>Equity Stock – Quoted</b>					
- Aggregate book value	-	-	-	-	-
- Aggregate market value	-	-	-	-	-
<b>Equity Stock – Unquoted</b>					
- Aggregate book value	-	-	-	-	-
<b>Other</b>					
- Aggregate book value	0.02	0.02	0.02	0.02	0.02
<b>Total</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>	<b>0.02</b>

### *a) Related Parties*

**For the year ended 31 March 2009**

Related party and nature of relationship where control exists.

Holding Company	Fusion Fittings (India) Limited
-----------------	---------------------------------

Key management personnel Amar Banerjee

Related party and nature of related party relationship with whom transactions have taken place during the year

Key management personnel Amar Banerjee

**For the year ended 31 March 2008**

Related party and nature of relationship where control exists.

Holding Company	Fusion Fittings (India) Limited (From 4 <sup>th</sup> January 2008) Mahindra & Mahindra Limited (Upto 3 <sup>rd</sup> January 2008)
-----------------	--

Key management personnel Amar Banerjee

Related party and nature of related party relationship with whom transactions have taken place during the year

Holding Company Mahindra & Mahindra Limited (Upto 3<sup>rd</sup> January 2008)

Fellow Subsidiary	<p>Mahindra Engineering &amp; Chemical Products Limited (Upto 3rd January 2008)</p> <p>Mahindra Intertrade Limited (Upto 3rd January 2008)</p> <p>Mahindra &amp; Mahindra Financial Services Limited (Upto 3rd January 2008)</p>
-------------------	--

Key management personnel Amar Banerjee

**For the year ended 31 March 2007**

Related party and nature of relationship where control exists.

Holding Company Mahindra &amp; Mahindra Limited

Key management personnel Amar Banerjee

Related party and nature of related party relationship with whom transactions have taken place during the year

Holding Company Mahindra &amp; Mahindra Limited

Fellow Subsidiary	Mahindra Engineering & Chemical Products Limited Mahindra Intertrade Limited
-------------------	---



Mahindra & Mahindra Financial Services Limited

Key management personnel Amar Banerjee

**For the year ended 31 March 2006**

Related party and nature of relationship where control exists.

Holding Company Mahindra & Mahindra Limited

Key management personnel Amar Banerjee

Related party and nature of related party relationship with whom transactions have taken place during the year

Holding Company Mahindra & Mahindra Limited

Fellow Subsidiary Mahindra Engineering & Chemical Products Limited  
Mahindra Intertrade Limited  
Mahindra & Mahindra Financial Services Limited

Key management personnel Amar Banerjee

**For the year ended 31 March 2005**

Related party and nature of relationship where control exists.

Holding Company Mahindra & Mahindra Limited

Key management personnel Amar Banerjee

Related party and nature of related party relationship with whom transactions have taken place during the year

Holding Company Mahindra & Mahindra Limited

Fellow Subsidiary Mahindra Engineering & Chemical Products Limited  
Mahindra Intertrade Limited  
Mahindra & Mahindra Financial Services Limited  
Mahindra Acres Consulting Engineers Limited

Key management personnel Amar Banerjee



# Annexure XIV

## Statement of related party disclosures, as restated (continued) - TAL

### b. Transactions with related parties

(1). Transactions during the financial year ended 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009.

	(Amount in Rupees million)															
	Holding/ Subsidiaries/ Fellow Subsidiaries	Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence.(including relatives of such individuals)				
		Year ended 31 March					Year ended 31 March					Year ended 31 March				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	
Expenses incurred by M&M	1.75*	1.95*	2.44*	1.74*	-	-	-	-	-	-	-	-	-	-	-	
Expenses incurred on behalf of M&M	0.72*	2.24*	2.79*	2.74*	-	-	-	-	-	-	-	-	-	-	-	
Purchases	-	-	5.00	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Charges	0.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of Car	0.15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reimbursement of Expenses	0.09	0.09	0.13	(0.09)	-	-	-	-	-	-	-	-	-	-	-	
Rent expenses	0.97	0.18* 1.20	1.12	1.19	-	-	-	-	-	-	-	-	-	-	-	
Interest expense on	0.07* 0.27	-	0.77*	1.69*	-	-	-	-	-	-	-	-	-	-	-	



	Holding/ Subsidiaries/ Fellow Subsidiaries						Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence.(including relatives of such individuals)					
	2005	Year ended 31 March					Year ended 31 March				Year ended 31 March				Year ended 31 March					
		2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Inter Corporate deposits																				
Inter Corporate deposits Received	13.00* 33.20	-	20.00*	50.00*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter Corporate deposits Repaid	13.00* 33.20	-	5.00*	65.00*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repaid																				
Equity Share Capital Subscribed	100.00*	-	-	70.00*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Redeemable Preference Shares Subscribed	-	10.00*	-	155.00*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Office Building at Sewree	-	3.47*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Plant & Machinery at Sewree	-	1.81*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Taken	-	0.71	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



	Holding/ Subsidiaries/ Fellow Subsidiaries					Key management personnel (Including relatives)					Enterprises over which Key management personnel (including relatives) exercise significant influence					Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence.(including relatives of such individuals)				
	Year ended 31 March					Year ended 31 March					Year ended 31 March					Year ended 31 March				
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Loan Repaid	-	0.08	0.17	0.18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on loan	-	0.02	0.06	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Redeemable Preference Shares Redeemed	-	-	-	155*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment towards Outstanding	-	0.51	-	3.02	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	-	-	1.94	0.64	1.84	1.77	3.23	-	-	-	-	-	-	-	-	-	-





# Annexure XIV

## Statement of related party disclosures, as restated (continued) c. Outstanding balances as at 31 March 2005, 31 March 2006, 31 March 2007, 31 March 2008 and 31 March 2009

	(Amount in Rupees million)														
	Subsidiaries			Key management personnel (Including relatives)			Enterprises over which Key management personnel (including relatives) exercise significant influence			Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence.(including relatives of such individuals)					
	Year ended 31 March			Year ended 31 March			Year ended 31 March			Year ended 31 March					
	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009	2005	2006	2007	2008	2009
Expenses Incurred by M&M	(6.79)*	(1.22)*	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Incurred on behalf of M&M	-	-	1.67*	2.74*	-	-	-	-	-	-	-	-	-	-	-
Rent Payable	(0.82)	-	-	(0.27)	-	-	-	-	-	-	-	-	-	-	-
Professional Charges	(0.02)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable on Acquisition of Business	-	-	(6.02)*	(6.02)*	-	-	-	-	-	-	-	-	-	-	-
Loan Outstanding	-	(0.63)	(0.47)	(0.29)	-	-	-	-	-	-	-	-	-	-	-
Inter Corporate Deposits	-	-	(15.00)*	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable on Inter Corporate Deposit	-	-	(0.48)*	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding against Purchases	-	-	(5.00)	(1.97)	-	-	-	-	-	-	-	-	-	-	-



	Subsidiaries				Key management personnel (Including relatives)				Enterprises over which Key management personnel (including relatives) exercise significant influence				Individuals owing directly or indirectly, an interest in voting power and significant influence over the enterprise and enterprises over which such individuals exercise significant influence, (including relatives of such individuals)			
	Year ended 31 March				Year ended 31 March				Year ended 31 March				Year ended 31 March			
	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008
Remuneration	-	-	-	-	-	-	-	(0.30)	-	-	-	-	-	-	-	-

#### Notes

- 1)\* Represents transaction with holding Company.
- 2) All other transaction except with holding company as stated above in “Holding, subsidiaries and Fellow Subsidiaries column” is with Fellow Subsidiaries.
- 3) Figures in brackets represent credit balances.



## **Annexure - XV**

### **Statement of Segment Reporting, as restated - TAL**

Based on the nature of activities performed, which primarily relate to design, engineering and manufacture of Ash handling equipments and the dominant source and nature of risks and returns, business segment is the primary segment. However as TAL does not operate in more than one business segment, disclosures for primary segment as required under Accounting Standard 17 - "Segment Reporting" are not required.

Similarly since all the operations of the Company are confined within India, Geographical Segment reporting is not applicable to the Company as per Accounting Standard 17 – "Segment Reporting"



## FINANCIAL INDEBTEDNESS

Detailed below is a brief summary of the current financing arrangements undertaken by our Company along with the financing arrangement of TPSL and TAL, which have merged with our Company, effective from April 1, 2009. The amount outstanding under such facilities as on March 31, 2010 is Rs. 15,616.81 million.

### A. Secured Loans

#### *Working Capital Loans*

S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
1.	Central Bank of India	Credit facility of Rs. 2,350 million, pursuant to sanction letter dated May 27, 2009:  • Overdraft against book debts of Rs. 350 million • Inland/ import usance of Rs. 200 million • Bank Guarantee of Rs. 1,800 million	For overdraft against book debts 1.00% p.a. plus benchmark prime lending rate (“BPLR”).	<ul style="list-style-type: none"> <li>• <i>Pari passu</i> charge on the current assets of our Company;</li> <li>• <i>Pari passu</i> charge on our Company’s existing movable fixed assets;</li> <li>• <i>Pari passu</i> charge by way of mortgage on the lease hold properties;*</li> <li>• Personal guarantees by Mr. A.K. Bishnoi and Mr. Amul Gabrani.</li> </ul>	Our Company shall not without the lender’s consent take any fresh capital expenditure or any working capital or term loan from any other bank or financial institution, or create charge on its assets in favour of any other creditor, including debenture holders or foreign currency convertible notes (“FCCN”) holders.	-	343.20
2.	Standard Chartered Bank	Credit facility of Rs. 350 million pursuant to sanction letter dated May 18, 2009 and loan agreement dated June 11, 2009. The facility was enhanced to Rs. 1,000 million by sanction letter dated July 1, 2009 read with amendment letter August 3, 2009 and a loan	At the rate as negotiated with and agreed by the lender.	<ul style="list-style-type: none"> <li>• <i>Pari passu</i> first hypothecation charge on all current assets, present and future of our Company;</li> <li>• <i>Pari passu</i> hypothecation charge on movable fixed assets other than those specifically funded through term loans and charged to SBI;</li> <li>• <i>Pari passu</i> charge on immovable</li> </ul>	<p>Our Company shall not without the prior written notice to the lender:</p> <ul style="list-style-type: none"> <li>• Enter into any scheme of expansion, merger, amalgamation, compromise or reconstruction or sell, lease, transfer all or substantial portion of its fixed and other assets;</li> <li>• Permit any change in the ownership or control or constitution of our Company and or make any change in the shareholding or the management or majority of directors and not make any change to the general nature of the business of our</li> </ul>	Any prepayment or part prepayment may be allowed with prior written permission of the lender and will be subject to conditions stipulated by the lender	590.00



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
		<p>agreement dated November 4, 2009. This was further amended and the amount reduced to Rs. 850 million pursuant to a sanction letter dated March 17, 2010 and an addendum dated March 26, 2010</p> <p>Bond and guarantees of Rs. 850 million</p> <p>Sub-limits under the bond and guarantees of Rs. 850 million:</p> <ul style="list-style-type: none"> <li>• Import letter of credit ('LC') of Rs. 700 million</li> <li>• Export invoice financing of Rs. 250 million</li> <li>• Import invoicing financing of Rs. 250 million</li> <li>• Short term money market loan of Rs. 150 million</li> <li>• Overdraft of Rs. 150 million</li> <li>• Loans against import of Rs. 100 million</li> <li>• Export invoice financing of</li> </ul>		<p>assets other than those specifically funded through term loans;*</p> <ul style="list-style-type: none"> <li>• Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A.K. Bishnoi and Mr. Amul Gabrani.</li> </ul>	<p>Company;</p> <ul style="list-style-type: none"> <li>• Make any material amendments in the memorandum and articles of association of our Company;</li> <li>• Not use all or any part of the facility for investments into capital market oriented mutual fund schemes including, equity/ real estate mutual funds;</li> </ul> <p>Separately, our Company shall not assign or transfer any of its rights or obligations under any of the documents.</p>		



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
		Rs. 400 million					
3.	IDBI Bank Limited	<p>A. Credit facilities of Rs. 1,770 million** pursuant to sanction letter dated June 22, 2009 and loan agreement dated July 17, 2009:</p> <ul style="list-style-type: none"> <li>• Cash credit of Rs. 250 million</li> <li>• Letters of credit of Rs. 200 million</li> <li>• Bank guarantee of Rs. 1,300 million</li> </ul>	<ul style="list-style-type: none"> <li>• For cash credit the rate of interest is BPLR plus 0.50% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>• First charge on <i>pari passu</i> basis on the entire current assets of our Company</li> <li>• First charge on <i>pari passu</i> basis on movable assets including movable machinery, machinery spares, tools and accessories;</li> <li>• First charge on <i>pari passu</i> basis/ equitable mortgage with SBI and other lenders on the immovable assets *</li> <li>• Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A.K. Bishnoi and Mr. Amul Gabrani.</li> </ul>	<p>Our Company shall not without the lenders consent:</p> <ul style="list-style-type: none"> <li>• Effect any change in our Company's capital structure;</li> <li>• Enter into any scheme of expansion, merger, amalgamation or reconstruction;</li> <li>• Make any corporate investments or investment by way of share capital or debentures or lend or advance funds to or place deposits with any other concern except in the course of business.</li> </ul>	-	153.00
		<p>B. Credit facility of Rs. 1,000 million pursuant to a sanction letter dated November 20, 2009 for a sanctioned amount of Rs. 1,620 million and a loan agreement for an overall limit of Rs. 1,000 million dated December 1, 2009.</p> <ul style="list-style-type: none"> <li>• Fund</li> </ul>	<ul style="list-style-type: none"> <li>• For cash credit the rate of interest is BPLR plus 0.50% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>• First <i>pari passu</i> charge with SBI on the current assets of our Company;</li> <li>• First <i>pari passu</i> charge with SBI on the fixed assets of our Company; *</li> <li>• First <i>pari passu</i> charge with SBI and other lenders by equitable mortgage on the properties of Ms. Bhagwanti Gabrani, Mr. Ajay kumar Bishnoi and Mr. Amul</li> </ul>	<p>Our Company shall not without the lender's consent:</p> <ul style="list-style-type: none"> <li>• Effect any change in the capital structure;</li> <li>• Effect any scheme of amalgamation or reconstruction;</li> <li>• Invest by way of share capital in or lend or advance funds to or place deposits with any other concern; except normal trade creditor security deposits in the normal course of business or advances to employees;</li> <li>• Undertake guarantee obligations on behalf of any third party or any other company.</li> </ul>	-	108.50



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
		based facility of Rs. 110 million; and • Non-fund based facility of Rs. 890 million		Gabrani, at, Gurgaon, Haryana; Adyar, Chennai; and New Delhi. • Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A.K. Bishnoi and Mr. Amul Gabrani. • Corporate guarantee by Fusion Fittings.			
4.	Yes Bank Limited	Credit facility of Rs. 700 million pursuant to sanction letter dated July 8, 2009 and Loan Agreement dated July 22, 2009. This was further amended pursuant to a sanction letter dated November 20, 2009 and a loan agreement dated November 23, 2009. This was further amended pursuant to an addendum dated March 24, 2010 and facility agreement dated March 26, 2010  Bank Guarantee of Rs. 700 million  Sub-limits under bank guarantee of	• For cash credit Yes Bank prime lending rate minus 4.00% p.a.	• First <i>pari passu</i> charge on current assets of the borrower; • First <i>pari passu</i> charge/equitable mortgage on immovable property;* • Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A.K. Bishnoi and Mr. Amul Gabrani.	Our Company shall not without the lenders consent:  • Create or allow to exist any encumbrance or security over assets specifically charged; • Take any fresh borrowings from any other lender.  Separately our Company shall not undertake or permit any reorganization, amalgamation, reconstruction, takeover or any other schemes of compromise or arrangement that would adversely affect rights under the facilities.	-	375.27



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
		Rs. 700 million:					
		<ul style="list-style-type: none"> <li>• Bank guarantee (bid bonds) of Rs. 500 million</li> <li>• Bank guarantee (advance payment) of Rs. 500 million</li> <li>• Cash credit of Rs. 100 million</li> <li>• LC of Rs. 200 million</li> <li>• Sales Invoice Discounting of Rs. 250 million</li> <li>• Buyers' Credit limit of Rs. 50 million</li> <li>• Export credit (pre shipment/post shipment) of Rs. 250 million</li> </ul>					
5.	DBS Bank Limited	Credit facility of Rs. 750 million pursuant to sanction letter dated July 28, 2009 and facility agreement dated July 30, 2009 and sanction letter dated November 23, 2009 and facility agreement dated November 23, 2009  Sub-limit: • Overdraft: Rs. 50 Million • Short term	Interest to be determined mutually.	<ul style="list-style-type: none"> <li>• First <i>pari passu</i> charge on current assets of our Company;</li> <li>• First <i>pari passu</i> charge on the movable fixed assets of our Company;</li> <li>• First <i>pari passu</i> charge/equitable mortgage on the immovable fixed assets.*</li> <li>• Personal guarantees by Mr. A.K. Bishnoi and Mr. Amul Gabrani</li> </ul>	Our Company shall not without the lender consent: <ul style="list-style-type: none"> <li>• Wholly or substantially displace its management; and</li> <li>• Enter into any scheme of amalgamation, compromise or reconstruction.</li> </ul>	At the time of prepayment our Company shall be liable to pay prepayment charges at such rates on the principal amount of the financial facilities being prepaid as may be prescribed by the lender.	415.27





S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
		loan: Rs. 200 million •LC: Rs. 750 million •Bank guarantee: Rs. 750 million •Sales invoice discounting: Rs. 200 million					
6.	State Bank of India	A. Credit facility of Rs. 2,350 million pursuant to a facility agreement dated August 2, 2007 enhanced to Rs. 3,050 million pursuant to supplemental agreement dated June 23, 2008. Enhanced to Rs. 5,700 million pursuant to supplemental agreement dated October 22, 2008, further enhanced to Rs. 8,226.20 million vide supplemental agreement dated December 1, 2009. Pursuant to supplemental agreement	Interest rate 0.75% above state bank advance rate ('SBAR').  For pre-shipment, upto 180 days: 3.00% below SBAR, beyond 180 days up to 270 days: 1.75% below SBAR  For post-shipment, demand bills 3.00% below SBAR.  Usance bills up to 365 days from date of the shipment: 3.00% below SBAR.	•For cash credit, export packing credit, demand draft purchase (cheques) Facilities: Charge on the entire current assets of our Company on <i>pari passu</i> basis with other lenders banking arrangements ('MBA'); •For foreign documentary bills ('FDB') (non- LC) and (LC) Facility: Documents of title to goods and extension of charge on entire current assets of our Company under <i>pari passu</i> basis with other lenders in MBA; •For LC Facility: Documents of title to goods and extension of charge over the entire current assets of our Company on <i>pari passu</i> basis with	Our Company shall not without the lender's consent: •Effect any change in the capital structure; •Formulate any scheme of amalgamation or reconstruction; •Undertake any new project, implement any scheme of expansion or acquire fixed assets; •Invest by way of share capital in or lend or advance funds to or place deposits with any other concern; except normal trade creditor security deposits in the normal course of business or advances to employees; •Create lien, charge, mortgage or encumbrances of any kind whatsoever on the assets of the borrower in favour of any person; •Sell, assign, mortgage or otherwise dispose of any fixed assets charged by the lender; and •Permit any transfer of the controlling interest or make any drastic change in the management set-up.	-	7,944.67



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
		dated March 26, 2010 the amount was enhanced to Rs. 8,613.20 million***		other lenders in MBA; • For BG Facility- Extension of charge over entire current assets of our Company on <i>pari passu</i> basis with other lenders in MBA; • Charge on plant and machinery of our Company on <i>pari passu</i> basis with other lenders as collateral security; • Equitable Mortgage over the immovable property as collateral security; and • Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A. K. Bishnoi and Mr. Amul Gabrani.			
		<ul style="list-style-type: none"> <li>• Cash credit of Rs. 1,100 million</li> <li>• LC of Rs. 950 million</li> <li>• Bank guarantee of Rs. 5,950 million</li> <li>• FDB (LC) of Rs. 30 million</li> <li>• Forward Contract of Rs. 4 million</li> </ul>					
		<p>B. Credit facility of Rs. 950 million, pursuant to sanction letter dated May 3, 2007 and facility agreement dated May 26, 2007:</p> <ul style="list-style-type: none"> <li>• Cash credit of Rs. 50 million</li> <li>• Bank guarantee of Rs. 300 million</li> <li>• LC of Rs. 600 million</li> </ul>	<ul style="list-style-type: none"> <li>• For cash credit the rate of interest is 2% above SBAR</li> </ul>	<ul style="list-style-type: none"> <li>• For cash credit-First charge on all current assets of our Company;</li> <li>• For LC – documents of title to goods and extension of charge on all current assets;</li> <li>• For BG- Extension of charge on all current assets and documents of title of goods;</li> <li>• Movable fixed assets of our Company as</li> </ul>	<p>Our Company shall not without the lender's consent:</p> <ul style="list-style-type: none"> <li>• Effect any change in the capital structure;</li> <li>• Effect any scheme of amalgamation or reconstruction;</li> <li>• Implement a new scheme of expansion or take up an allied line of business or manufacture;</li> <li>• Declare a dividend or distribute profits after deduction of taxes, except where the instalments of principal and interest payable to the lender in respect of the aforesaid credit facilities are being paid regularly; and</li> <li>• Enlarge the scope of the other manufacturing/trading</li> </ul>	-	182.90



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
				collateral security; • Equitable mortgage on immovable fixed assets as collateral security; • Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A.K. Bishnoi and Mr. Amul Gabrani.	activities, if any, undertaken at the time of the application and notified to the bank as such.		
		C. Credit facility of Rs. 950 million, pursuant to a sanction letter dated November 29, 2007 and loan agreement dated December 13, 2007. This facility was enhanced to Rs. 1,250 million pursuant to a sanction letter dated September 27, 2008 and agreement dated October 31, 2008, which was then enhanced to Rs. 2,600 million pursuant to sanction letter dated February 4, 2009 and supplemental agreement dated February 9, 2009; further enhanced to Rs. 4,600 million pursuant to sanction letter	• For working capital facility the rate of interest is 1.25% above SBAR	• For cash credit-Hypothecation of the entire current assets of our Company with other lenders in MBA; • For LC-Extension of charge on all current assets and documents of title of goods; • For BG-extension of charge on the entire current assets of our Company on <i>pari passu</i> basis with other lenders in MBA; • Pledge of 1.755 million shares in our Company held by Mr. A.K. Bishnoi and Mr. Amul Gabrani; • Charge over Company's unencumbered fixed assets as collateral security; • Equitable	Our Company shall not without the lender's consent: • Effect any change in the capital structure; • Effect any change in the constitution of our Company; • Formulate any scheme of amalgamation or reconstruction; • Implement any scheme of expansion or acquire fixed assets.	-	3,567.80



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (In Rs. million)
		dated November 24, 2009 and supplemental agreement dated December 1, 2009.		mortgage on immovable property as collateral security;			
		<ul style="list-style-type: none"> <li>Cash credit of Rs. 490 million</li> <li>Bank guarantee of Rs. 3,780 million</li> <li>LC of Rs. 330 million</li> </ul>		<ul style="list-style-type: none"> <li>Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A.K. Bishnoi and Mr. Amul Gabrani.</li> <li>Corporate guarantee by Fusion Fittings.</li> </ul>			

\* We are in the process of creating equitable mortgage over immovable property.

\*\* Includes a treasury limit of Rs. 20 million as described under unsecured working capital facilities.

\*\*\* Includes term loan of Rs. 179.20 million and a corporate loan of Rs. 400 million as described under term loan facilities.

#### Term Loan Facilities

S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (Rs. in million)
1.	Yes Bank Limited	Term loan of Rs. 400 million pursuant to a sanction letter dated March 23, 2010 and facility agreement dated March 26, 2010.	<p>Floating rate: Yes Bank PLR minus 5.50% p.a.</p> <p>Current rate: Yes Bank PLR 16.50% p.a.</p> <p>Effective rate 11% p.a.</p>	<ul style="list-style-type: none"> <li>Subservient charge on all current assets (present and future);</li> <li>Equitable mortgage on immovable property;*</li> <li>Personal guarantees by Mr. A. K. Bishnoi and Mr. Amul Gabrani;</li> <li>Corporate guarantee of M/s. Microbase Info Solutions Private Limited;*</li> <li>Deposit of 30% shares of M/s. Microbase Info</li> </ul>	Our Company shall not:	-	300.00
					<ul style="list-style-type: none"> <li>Formulate any scheme of amalgamation or reconstruction, adversely affecting the rights under the facilities.</li> </ul>		



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (Rs. in million)
				Solutions Private Limited held by our Company;* •Non disposal undertaking in respect of 51% of shareholding of promoters in our Company.			
2.	State Bank of India	Term loan facility was sanctioned pursuant to sanction letter dated February 27, 2007 and facility agreement dated August 2, 2007. This amount has been recently extended through a facility agreement dated March 26, 2010  A. Term loan of Rs. 179.20 million ( <i>a limit under the overall credit limit of Rs. 8,613.20 million</i> )	Interest rate 1.25% above SBAR.	•For Term Loan-IT Park Facility: equitable mortgage on lease hold right of land measuring 1 acre in Plot No. A-17, SIPCOT IT Park together with super structure thereon at Siruseri, Chennai; •Charge on plant and machinery of our Company on <i>pari passu</i> basis with other lenders as collateral security; •Equitable Mortgage over the immovable property as collateral security; and •Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A. K. Bishnoi and Mr. Amul Gabrani.	Our Company shall not without the lender's consent: •Effect any change in the capital structure; •Formulate any scheme of amalgamation or reconstruction; •Undertake any new project, implement any scheme of expansion or acquire fixed assets; •Invest by way of share capital in or lend or advance funds to or place deposits with any other concern; except normal trade creditor security deposits in the normal course of business or advances to employees; •Create lien, charge, mortgage or encumbrances of any kind whatsoever on the assets of the borrower in favour of any person; and •Permit any transfer of the controlling interest or make any drastic change in the management set-up.	Our Company should give the first right of rejection of rental discounting loan to the lenders subject to the offer being competitive. However, prepayment penalty will be recovered at 2 % p.a. on the loan amount prepaid computed for the unexpired period of the loan in case of take over of the loan in the present form by other lenders/ FIs.	174.36
		B. Corporate Loan of Rs. 400 million	Interest rate 0.75% above	• Extension of charge on the		Prepayment of the loan may be	400.27



S. No.	Lender	Facility	Interest	Security	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (Rs. in million)
		under the overall credit limit of Rs. 8,613.20 million)	SBAR.	entire current assets and fixed assets of our Company • Collateral security of movable fixed assets and immovable fixed assets under pari passu basis with other lenders. • Personal Guarantees by Ms. Bhagwanti Gabrani, Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani.		allowed at the discretion of the bank on payment of penalty. The penalty shall be recovered at the rate of 2% p.a. on the amount of the loan prepaid computed for the unexpired period of the loan.	

\*We are in the process of fulfilling the requirement.

## B. Unsecured Loans

### Working Capital Facilities

S. No.	Lender	Facility	Interest	Personal Guarantee/ Promissory Notes	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (Rs. in million)
1.	Kotak Mahindra Bank Limited	Credit facility pursuant to sanction letter dated July 10, 2009, loan agreement dated July 18, 2009 and amended vide sanction letter August 10, 2009 and supplemental loan agreement dated August 10, 2009 for Rs. 500 million;  • Bank guarantee of Rs. 500 million	• For cash credit the rate of interest is at 12% p.a. floating rate. The rate of interest has been arrived at on the basis of the BPLR less 3.75%.	• Personal guarantees by Mr. A.K. Bishnoi and Mr. Amul Gabrani.	• Our Company shall not without the written consent of the lender borrow any moneys from any other bank or from any other source apart from temporary loans obtained in ordinary course of business; • Our Company shall not guarantee or pay or provide any collateral for obligations of others unless specifically so	Our Company shall not without the prior written approval of the lender prepay the outstanding principal amount together with interest due in full or in part before the due dates. Our Company shall give the lender 30 days prior	296.50



S. No.	Lender	Facility	Interest	Personal Guarantee/ Promissory Notes	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (Rs. in million)
		Sub-limit			permitted by the lender;	notice of its intention to repay at rates which shall be advised by the lender at the time of prepayment.	
		<ul style="list-style-type: none"> <li>• Letters of credit of Rs. 500 million</li> <li>• Cash credit of Rs. 125 million</li> <li>• Sales bill discounting of Rs. 125 million</li> <li>• Purchase bill discounting of Rs. 125 million</li> </ul>			<ul style="list-style-type: none"> <li>• Our Company shall not dispose of its assets or compromise with any of its creditors without the prior written consent.</li> </ul>		
2.	IDBI Bank Limited	Facility pursuant to sanction letter dated June 22, 2009 and loan agreement dated July 17, 2009:  Treasury limit of Rs. 20 million (a limit under the credit facility of Rs. 1,770 million)	-	Personal guarantees by Ms. Bhagwanti Gabrani, Mr. A.K. Bishnoi and Mr. Amul Gabrani.	Our Company shall not without the lenders consent:  <ul style="list-style-type: none"> <li>• Effect any change in our Company's capital structure;</li> <li>• Enter into any scheme of expansion, merger, amalgamation or reconstruction;</li> <li>• Make any corporate investments or investment by way of share capital or debentures or lend or advance funds to or place deposits with any other concern except in the course of business.</li> </ul>	-	Nil
3.	Standard Chartered Bank	Supplier Finance scheme of Rs. 300 million pursuant to sanction letter dated February 22, 2010	Interest rates as mutually decided.	• A demand promissory note of Rs. 300 million.	-	-	30.04
4.	Punjab National Bank	Short term loan of Rs. 500 million pursuant to a sanction letter dated March 26, 2010 and facility agreement dated March 31, 2010	Rate of interest at 11% p.a. BPLR linked	<ul style="list-style-type: none"> <li>• Demand promissory note and post dated cheques for the value of loan;</li> <li>• Personal</li> </ul>	<ul style="list-style-type: none"> <li>• Funds not to be diverted towards sensitive sectors;</li> <li>• Funds to not be used for purchase of land/ investment in capital market.</li> </ul>	For prepayment of the loan, our Company will be liable to pay prepayment charges at	10.00



S. No.	Lender	Facility	Interest	Personal Guarantee/ Promissory Notes	Significant Covenants	Prepayment Terms	Amount Outstanding as of March 31, 2010 (Rs. in million)
				guarantees by Mr. A. K. Bishnoi and Mr. Amul Gabrani.		the rate of 1% of the outstanding amount.	
5.	DBS Bank Limited	A. Adhoc sales invoice discounting of Rs. 300 million pursuant to sanction letter dated February 10, 2010	Interest rates as mutually decided	•Personal guarantees by Mr. A.K. Bishnoi and Mr. Amul Gabrani.	•The adhoc sales invoice discounting shall not exceed Rs. 900 million. This facility shall be available for draw down until March 31, 2010.	-	300.00
		B. Adhoc sales invoice discounting of Rs. 600 million pursuant to sanction letter dated March 10, 2010	Interest rates as mutually decided	•Personal guarantees by Mr. A.K. Bishnoi and Mr. Amul Gabrani.	•The aggregate of multiline working capital facilities, adhoc sales invoice discounting and term loan shall not exceed Rs. 1,500 million. This facility shall be against invoices raised by our Company between February 1, 2010 and March 31, 2010	-	425.03





## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with the Financial Statements, the notes and significant accounting policies thereto and the reports thereon, in the section titled “Financial Statements”. The Financial Statements are based on Indian GAAP, which differ in certain significant respects from U.S. GAAP and IFRS.*

*Unless otherwise stated, the financial information used in this section is derived from our restated consolidated financial statements as of and for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007. Our financial year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in “Risk Factors” on page xi.*

### Overview

We are an established material handling company in India, engaged in providing turnkey solutions in material handling, ash handling, balance of plant (“BoP”) and engineering, procurement and construction (“EPC”) contracts. In our flagship business of material handling solutions, we design, engineer, manufacture, sell, commission and service a range of systems and equipment for the core infrastructure related sectors like power, steel, cement and other industries. Over the years we have developed in-house capabilities for providing comprehensive solutions in material handling and ash handling systems. With a vision to build an integrated business serving the power sector, we have expanded into various complimentary businesses across different segments of the power sector. Based on publicly available information, in fiscal 2009, we believe that we were amongst the largest companies in the material handling industry in comparison to our competitors who are currently listed on the stock exchanges in India. According to information available on the website of the Central Electricity Authority (<https://www.cia.nic.in>), as of August 2009, our Company has received the highest number of orders for coal handling plants during the Eleventh Five Year Plan (2007-2012). We were also awarded the “Emerging India 2007” award in the infrastructure sector in 2007 by ICICI Bank and CNBC TV18.

Our Company was incorporated in 1990 and is promoted by Mr. Ajay Kumar Bishnoi and Mr. Amul Gabrani who are first generation entrepreneurs with more than 25 years of experience in the material handling industry. Our Company started operations in the material handling business in 2001 and up to March 31, 2010 we have executed 1,007 material handling orders and currently we have 225 material handling orders under execution. In order to expand our scope of services, we have integrated the ash handling business of Tecpro Ashtech Limited (“TAL”, previously known as Mahindra Ashtech Limited) with our existing material handling operations pursuant to the merger of TAL with our Company (the ‘**Ashtech Amalgamation**’). TAL had been engaged in the business of ash handling systems for over 40 years. For details of the Ashtech Amalgamation, please see “**History and Certain Corporate Matters- Schemes of Amalgamation**” on page 95.

Leveraging our capabilities in coal handling and ash handling and our established project management track record, we have begun to focus on turnkey BoP contracts in the thermal power generation sector. The scope of our services for BoP contracts includes design and engineering, manufacturing and sourcing of equipment and packages, project management and commissioning. We believe that our ability to provide coal handling and ash handling solutions in-house, which forms a substantial part of the BoP contracts, provides us with a competitive advantage in terms of cost, quality and execution timeline. We were awarded our first BoP contract worth Rs. 9,930 million by the Chhattisgarh State Power Generation Company for a 1x500 MW thermal power plant at Korba West in August 2009 through a consortium led by our Company.

We have also entered the EPC segment for thermal power projects in 2007, in which we manage the erection and commissioning of the boiler, turbine and generator (“BTG”) packages along with undertaking the engineering, design, supply and commissioning of other equipment and services in an EPC contract. We either collaborate or outsource to a third party supplier for providing BTG packages in relation to our EPC contracts. Currently, we undertake EPC contracts for small thermal power plants.



We have entered into technical collaborations and license agreements with several international companies which strengthen our technical credentials and provide us access to advanced technologies, allowing us to offer customized solutions to our clients' specific requirements. We have seven collaborations for various material handling equipment and technologies, and three collaborations in relation to our ash handling operations. Some of our technical collaborations include FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany and Hein, Lehmann, Trenn-und Fordertechnik GmbH, Germany for material handling equipment and with Xiamen Longking Bulk Materials Science and Engineering Company Limited in relation to dry bottom ash handling system and pneumatic coal mill reject handling system for which Longking provides technical assistance.

Our operations are spread across India with our operations head office in Chennai and design, engineering and marketing offices at Gurgaon, Kolkata, Mumbai, Secunderabad, Ahmedabad, and Bangalore. In addition, through our Subsidiaries Tecpro International FZE in Dubai, UAE and Tecpro Systems (Singapore) Pte. Limited in Singapore and marketing office in Johannesburg, South Africa, we are catering to the needs of the Middle East, South-East Asia and the African markets, respectively. We have four manufacturing facilities out of which three facilities are located at Bhiwadi, Rajasthan and one at Bawal, Haryana. We were accredited with the ISO 9001 in 2003 from QMS Certification Services for our quality management system.

Our Order Book represents our estimated revenue for ongoing projects and new contracts awarded to us. We had an Order Book of Rs. 20,139.55 million and Rs. 12,528.61 million as on March 31, 2010 and March 31, 2009, respectively. We were awarded additional contracts of Rs. 3,620.04 million in material handling, Rs. 2,595.70 million in ash handling and an order for BoP worth Rs. 9,930.00 million, which was awarded to a consortium led by our Company, during the period between April 1, 2009 and March 31, 2010.

In recent years, we have been able to expand our operations substantially growing at a compound annual growth rate of 86.44% over the last three fiscal years. In fiscal 2009, fiscal 2008 and fiscal 2007, our consolidated income (excluding the revenue generated by TAL prior to the Ashtech Amalgamation) was Rs. 7,993.06 million, Rs. 5,046.52 million and Rs. 2,299.57 million, respectively. Over the same period, our compound annual growth rate for profit after tax has been 66.21% and our restated consolidated net profit was Rs. 556.46 million, Rs. 407.70 million and Rs. 201.43 million for fiscal 2009, fiscal 2008 and fiscal 2007, respectively. For the seven months period ended October 31, 2009, our consolidated income and restated net profit were Rs. 5,033.18 million and Rs. 118.00 million, respectively, which included our income from providing ash handling solutions pursuant to the Ashtech Amalgamation. For details of income of TAL prior to merger with our Company, please see "**Financial Information of Tecpro Ashtech Limited**" on page 311.

#### **Note regarding presentation**

Our financial statements have been prepared in accordance with Indian GAAP and in compliance with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and restated in accordance with SEBI ICDR Regulations. The discussion below covers the consolidated results of our Company along with our Subsidiaries, for the seven months period ended October 31, 2009 and fiscal 2009, fiscal 2008 and fiscal 2007. We have included a discussion of our restated consolidated results of operations for the seven months period ended October 31, 2009 and discussions comparing the restated consolidated results of our Company for fiscal 2009 with fiscal 2008, and fiscal 2008 with fiscal 2007.

Our Company, Tecpro Ashtech Limited ("**TAL**"), Tecpro Power Systems Limited ("**TPSL**") and their respective shareholders and creditors entered into a scheme of amalgamation under sections 391 – 394 of the Companies Act. The scheme of amalgamation was approved by the High Court of Bombay on November 20, 2009 and by the High Court of Delhi on March 4, 2010. Pursuant to the scheme of amalgamation, TAL and TPSL were merged into our Company effective as of April 1, 2009. For further details of the Scheme of Amalgamation, please see section titled "**History and Certain Corporate Matters- Schemes of Amalgamation**" on page 95. TPSL was a Subsidiary of our Company prior to such merger and accordingly the results of operations of TPSL were included in the consolidated results of our Company for fiscal 2009, fiscal 2008 and fiscal 2007. However, other than for the seven months period ended October 31, 2009, our restated consolidated financial statements included in this Draft Red Herring Prospectus do not reflect the results of operations of TAL on a historical basis. Therefore, our historical operating results which form the basis of this "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" may not be indicative of our results on a going-forward basis, as our financial statements for future periods will also include the results of operations of our ash handling business for full periods. While we have separately included the restated consolidated financial results of TAL for fiscal 2009, fiscal 2008, fiscal 2007, fiscal 2006 and fiscal



2005, you will need to make your own assessment as to the impact of the merger of TAL into our Company on our consolidated results of operations and financial condition for future periods. For details of the results of operations of TAL, please see, “*Financial Information of Tecpro Ashtech Limited*” on page 311.

### **Factors affecting our results of operations**

Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control including the performance of the Indian economy and the domestic power, steel and cement infrastructure industries and the price of raw materials. However, there are some specific items that we believe have impacted our results of operations in the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, and in some cases, will continue to impact our results of operations on a consolidated level and at our individual projects in future. In this section, we discuss some of the significant factors that we believe have or could have an impact on our revenue and expenditure. Please also see the section titled “*Risk Factors*” on page xi.

### ***Growth of the Indian economy and regulatory regime***

As a company primarily operating in India, we are affected by the economic conditions prevailing in the country and in particular the factors affecting the infrastructure industry. Demand for many of our products and services depends on capital spending by power, steel and cement companies, which is directly affected by trends in these sectors and the current economic scenario. Companies may defer major expenditures given the long term nature of many large scale projects due to perception of lower demand for their products or other reasons. Further, the recent financial market turmoil and tightening of credit impacted the financial ability of some of our customers which led to deferment of certain projects. Any such future financial crisis may lead to tightening of credit and consequently our customers who may not have the ability to fund capital expenditures for infrastructure, may have difficulty in obtaining financing, which may result in cancellations of projects or deferral of projects to a later date. Such cancellations or deferrals may result, in decreased demand for our products and services and could adversely affect our results of operations, cash flows and liquidity.

Changes in government policies, which began in the 1990s, facilitated the entry of private capital into infrastructure and have led to rapid growth in infrastructure related sectors including power, steel and cement sectors. More recently, policy changes in the transportation, energy, urban infrastructure and industrial and commercial infrastructure sectors have begun to attract significant private sector interest. For example, the GoI has expressed a “Power for All by 2012” objective, and has enacted legislation in 1991 and again in 2003 designed to increase private sector participation in the Indian power industry. Further, captive power capacity in India has been increasing, as has GoI focus on the area. For example, the Electricity Act, 2003 exempts captive power generators from certain license requirements. See “*Industry Overview—Power Sector*” on page 66. Additionally, in order to boost the development and expansion of the steel industry, the National Steel Policy was formulated in 2005 as a basic scheme for the growth of a self-reliant and globally competitive steel sector. The National Steel Policy seeks to facilitate removal of procedural and policy barriers that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. We believe that the regulatory environment, government spending priorities and increased private enterprise involvement in the industries we supply to and service should favorably impact our growth and financial conditions in the short to medium term.

### ***Raw materials and other project execution costs***

Raw materials used for manufacturing and commissioning of material handling and ash handling systems consist of primarily iron and steel, cement, bearings, castings, plumber blocks, motors and others. Cost of raw materials consumed in relation to our contracts constitutes a significant portion of our expenditure. Further, a substantial portion of our projects are performed on a fixed price or lump sum turnkey basis. However, our expense in executing a fixed price or lump sum turnkey contract may vary substantially from the assumptions underlying our bid for several reasons, including any changes in engineering design of the project, unanticipated increase in the cost of the raw materials for which no price escalation or hedging is provided pursuant to our purchase orders with the raw material providers, fabrication charges, equipment or manpower and delays associated with the delivery of equipment and materials to the project site. Our ability to pass on increases in overall operational costs may be limited under turnkey contracts with limited price variation provisions. As a result, unanticipated increases in such costs, if not taken into account in our bid, may adversely affect our results of operations. In addition, we may be required to pay liquidated damages to our customer for any delays caused



by us. Depending on the size of a project, these variations from estimated contract performance could have a significant effect on our results of operations.

#### ***Our ability to undertake large BoP contracts for thermal power projects***

Turnkey projects undertaken in India usually involve pre-qualification criteria for the bidders based on their technical and financial strengths. In the BoP segment for thermal power projects, there are several pre-qualification criteria such as net worth, experience, technological capacity and performance, reputation for quality, safety record, financial strength and size of previous contracts in similar projects. In selecting contractors for major projects, customers generally limit the tender to contractors they have pre-qualified based on these criteria, although price competitiveness of the bid is one of the most important selection criterion. While the GoI has recently proposed to empanel new vendors of BoP equipment and expand the geographical locations of such vendors in order to overcome constraints related to timely completion of BoP contracts and the pre-qualification requirements were revise by CEA to allow new entrepreneurs to qualify for BoP contracts (Source: CEA, Base Paper: *International Conclave on Key Inputs for Accelerated Development of Indian Power Sector for 12<sup>th</sup> Plan & Beyond*), pre-qualification still remains the key to our securing such turnkey contracts. We currently enter into a consortium with one or more third parties while bidding for BoP contracts and may not, therefore, be able to compete for such projects if we are unable to form a consortium. Further, our ability to strategically partner with other companies will also determine our success in procurement of projects. If we fail to qualify for and fail to win BoP contracts, our future growth would be adversely affected.

#### ***Availability of cost effective funding sources for our working capital requirements***

Our business requires a significant amount of working capital. In many cases, significant amounts of working capital is required during the course of execution to finance the purchase of materials and the performance of engineering, construction and other work on projects before payments are received from customers. Our working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a project or otherwise increase our working capital burdens. Our ability to grow our business depends on cost effective avenues of funding and will be met through internal accruals or borrowing from financial institutions. Our debt service cost along with our overall cost of funds depends on many external factors, including developments in the Indian credit market and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. We believe that the availability of cost effective funding sources affects our business operations and financial performance. Our ability to finance our working capital needs, and secure other financing when needed, on acceptable commercial terms, will be a key factor towards our business and growth prospects.

#### ***Competition***

Our results of operations are affected by competition in the material handling industry, ash handling industry and the power infrastructure sector in the BoP and EPC contracts segments. We expect competition to intensify particularly in BoP and EPC contracts for thermal power projects due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established infrastructure companies. Our competition depends on various factors, such as the design and engineering capabilities, pre-qualification criteria, nature and scope of the project, complexity of the contract, contract value and potential margins. While service quality, technical ability, performance record, experience and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards. This may impact our financial condition and operations.

#### ***Significant accounting policies***

The restated financial information has been prepared by applying the necessary adjustments to the financial information of our Company. This financial information has been prepared under the historical cost convention on an accrual basis in accordance with the Notified Accounting Standards by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act. The accounting policies have been consistently applied by our Company and are consistent with those used in the previous year. For a full description of our significant accounting policies adopted in the preparation of the restated financial information, see “*Financial Information*” on page 140.



### *Principles of Consolidation*

The consolidated financial information is prepared solely for the purpose of their inclusion in the Draft Red Herring Prospectus, in accordance with the principles and procedures prescribed by Accounting Standard 21-“Consolidated Financial Statements” (‘AS-21’) prescribed by the Companies (Accounting Standards) Rules, 2006, for the purposes of preparation and presentation of consolidated financial statements.

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions resulting in unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered in full. The amounts shown in respect of accumulated reserves comprise the amount of the relevant reserves as per the balance sheet of the Company and its share in the post acquisition reserves of its subsidiaries. Goodwill arising on consolidation represents the excess of cost of investments to the Company over the Company’s portion of equity of the respective subsidiaries, at the date on which investment in the subsidiary is made.

### *Revenue recognition*

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership in the goods to the customer.

Revenue from services is recognised on rendering of services to customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

Revenue from long-term construction contracts in accordance with Accounting Standard-7 on “Construction Contracts” is recognized using the percentage of completion method.

Percentage of completion method is determined as a proportion of cost incurred to date to the total estimated contract cost. Where the total cost of the contract, based on technical and other estimates, is expected to exceed the corresponding contract value, such excess is provided during the year / period.

### *Fixed assets and capital work-in-progress*

Fixed assets, including capital work in progress, are stated at cost of acquisition or construction less accumulated depreciation except for land situated at Plot No. SP 496-497, Industrial Estate, Bhiwadi, Rajasthan – 301019 which is stated at revalued cost less accumulated depreciation. Such revaluation has been done by an independent valuer. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

### *Impairment*

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the assets’ recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

### *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost includes all applicable costs incurred in bringing goods to their present location and condition, determined on a first in first out basis.

In determining the cost of inventories, fixed production overheads are allocated on the basis of normal capacity of production facilities.





Contract work in progress includes contract costs that relate to future activity on the long term construction contract, such as costs of materials that have been delivered to a contract site or set aside for use in a contract but not yet installed, used or applied during contract performance and excludes the materials which have been made specifically for such contracts.

#### *Foreign currency transactions*

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the Balance Sheet date are translated at the rates of exchange prevailing on that date. Gains / losses arising on account of realisation / settlement of foreign currency transactions and on translation of foreign currency assets and liabilities are recognised in the Profit and Loss Account.

Foreign currency transactions of integral foreign operations are accounted for as per Accounting Standard -11 (AS 11) on “Effects of Changes in Foreign Exchange Rates” prescribed by the Companies (Accounting Standards) Rules, 2006.

Translation in respect of integral foreign operations:

- i. Foreign currency monetary items are translated at the closing rates and the resulting exchange difference is reflected in the Profit and Loss Account. Monetary items include cash, bank balances, loans and advances and current liabilities.
- ii. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items include fixed assets and investment in equity shares and share application money.
- iii. Income and expense items in foreign currency are recorded at the rates of exchange prevailing on the date of transaction.
- iv. Exchange differences arising on settlement and translation of foreign currency assets and liabilities at the end of the financial year/period are recognised as income or expenses in the period in which they arise.

#### *Provisions and contingencies*

A provision is created when there is a present obligation as a result of a past event that entails a probable outflow of resources and a reliable estimate can be made of the amount of the obligation. Disclosure of a contingent liability is made when there is a possible but not probable obligation or a present obligation that may, but probably will not, entail an outflow of resources. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### *Employee benefits*

1. All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the profit and loss account in the period in which the employee renders the related service.
2. Provident fund is a defined contribution scheme. Contributions payable to the provident fund are charged to the profit and loss account.
3. Superannuation fund is a defined contribution scheme. The Company contributes to schemes administered by the Life Insurance Corporation of India ('LIC') to discharge its superannuation liabilities. The Company's contribution paid/payable under the scheme is recognised as an expense in the profit and loss account during the period in which the employee renders the related service.
4. Gratuity costs are defined benefit plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market



yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's gratuity fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year.

The fair value of plan assets is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

5. Benefits under the Company's leave encashment scheme constitute other long term employee benefits. The obligation in respect of leave encashment is provided on the basis on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Annual contributions are made to the employee's leave encashment fund, established with the LIC based on an actuarial valuation carried out by the LIC as at 31 March each year. The fair value of plan assets is reduced from the gross obligation, to recognize the obligation on net basis. Actuarial gains and losses are recognised immediately in the profit and loss account.

#### *Investments*

Long term investments are valued at cost. Any decline other than temporary, in the value of long-term investments, is adjusted in the carrying value of such investments. Diminution, if any, is determined individually for each long-term investment. Current investments are valued at the lower of cost and fair value of individual scrips.

### **Results of Operations**

#### **Income**

Our total income comprises of our income from operations and other income. Our income from operations includes our income from sales, service income and contract revenue. The following table shows our income from sales, service income, contract revenue and other income for the periods indicated in Rupees in million and as a percentage of our total income:

<i>(Rs. in million)</i>				
<b>Particulars</b>	<b>Seven months ended October 31, 2009</b>	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
<i>Income from operations</i>				
Income from sale of products manufactured	821.86	2,045.46	1,438.05	681.34
% of total income	14.98	24.40	28.21	28.58
Income from sale of products traded in (project supplies)	2,480.29	3,899.45	2,893.00	1,382.01
% of total income	45.21	46.52	56.75	57.97
Service income	257.45	599.70	523.08	236.22
% of total income	4.69	7.15	10.26	9.91
Contract revenue	1,473.58	1,448.45	192.39	-



Particulars	Seven months ended October 31, 2009	Fiscal 2009	Fiscal 2008	Fiscal 2007
% of total income	26.86	17.28	3.77	-
Other income				
Other income	95.10	119.74	43.79	13.53
% of total income	1.73	1.43	0.86	0.57
Increase/(Decrease) in inventory	357.49	268.80	7.84	70.83
% of total income	6.52	3.21	0.15	2.97
<b>Total income</b>	<b>5,485.77</b>	<b>8,381.60</b>	<b>5,098.15</b>	<b>2,383.93</b>

#### *Income from sales*

Our income from sales can be classified into (i) income from sale of products manufactured by our Company and (ii) income from sale of products traded in (project supplies) by our Company. Our income from sale of manufactured products consists of revenue earned from sale of material handling systems and equipments, and ash handling systems and equipment manufactured in our manufacturing facilities. Our income from sale of products traded in (project supplies) by our Company includes our revenue generated by sale of all bought-out items *i.e.*, the equipment whose manufacturing we outsource to various manufacturers and items procured from other vendors. This does not, however, include income derived from our turnkey contracts, revenue for which is recognized as ‘contract revenue’ (refer to discussion below).

Our income from sale of manufactured products accounted for 14.98%, 24.40%, 28.21% and 28.58% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively, and our income from sale of traded products accounted for 45.21%, 46.52%, 56.75% and 57.97% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### *Service income*

Our service income accounted for 4.69%, 7.15%, 10.26% and 9.91% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively. Our service income includes income from design and engineering services, fabrication and commissioning work primarily done as part of our material handling and ash handling projects. We recognize service income from our material handling and ash handling projects which does not involve any civil construction as part of the scope of our services in accordance with AS 9 of the Accounting Standards in India issued by the Institute of Chartered Accountants India (“ICAI”).

#### *Contract revenue*

Our contract revenue accounted for 26.86%, 17.28% and 3.77% of our total income for the seven months period ended October 31, 2009, fiscal 2009 and fiscal 2008, respectively. We did not derive any contract revenue in fiscal 2007. Our contract revenue includes income from turnkey contracts where we undertake conceptualization to commissioning of a project which includes design and engineering, manufacturing or sourcing of equipment and other packages, civil construction, project management and commissioning of the projects. We recognize revenue on percentage cost completion method from our turnkey contracts which includes construction works as part of the scope of our services in accordance with AS 7 of the Accounting Standards in India issued by the ICAI. For details of revenue recognition through percentage cost completion method, please see “– **Significant Accounting Policies – Revenue Recognition**” on page 374.

#### *Other income*

Our other income primarily includes interest earned on bank deposits, income tax refunds, dividends received on investments, sale of scrap, freight recoveries and net exchange gain. Our other income accounted for 1.73%, 1.43%, 0.86% and 0.57% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.





## Expenditure

Our expenditure comprises of cost of raw materials consumed, cost of raw materials consumed for fabrication, cost of traded products purchased, contract cost, staff costs, other manufacturing expenses, administration expenses, selling and distribution expenses, interest and bank charges, and depreciation and amortization expenses.

The following table sets forth our expenditure in Rupees and as a percentage of our income from operations (*i.e.*, our total income less other income) for the periods indicated:

		<i>(Rs. in million)</i>			
Particulars	Seven months ended October 31, 2009	Fiscal 2009	Fiscal 2008	Fiscal 2007	
Raw materials consumed	690.36	1,617.95	895.05	446.25	
% of total income	12.58	19.30	17.56	18.72	
Raw materials consumed for fabrication	233.29	743.08	554.12	251.43	
% of total income	4.25	8.87	10.87	10.55	
Purchases of traded products (project supplies)	2,070.54	2,452.16	1,872.07	893.91	
% of total income	37.74	29.26	36.72	37.50	
Contract cost	912.30	1,117.64	147.28	-	
% of total income	16.63	13.33	2.89	-	
Staff costs	364.96	409.19	237.86	117.14	
% of total income	6.65	4.88	4.67	4.91	
Other cost of goods sold	300.87	403.28	233.31	101.76	
% of total income	5.48	4.81	4.58	4.27	
Administration expenses	179.07	214.00	216.35	108.22	
% of total income	3.26	2.55	4.24	4.54	
Selling and distribution expenses	190.68	338.70	208.35	85.45	
% of total income	3.48	4.04	4.09	3.58	
Interest and bank charges	318.59	143.74	49.97	34.72	
% of total income	5.81	1.71	0.98	1.46	
Depreciation and amortization	36.37	33.65	25.70	13.78	
% of total income	0.66	0.40	0.50	0.58	
<b>Total expenditure</b>	<b>5,297.03</b>	<b>7,473.39</b>	<b>4,440.06</b>	<b>2,052.66</b>	

### *Raw materials consumed*

Costs of raw materials consumed consist primarily of costs of iron and steel, bearings, castings, plumber blocks, motors and other processing equipment. Cost of raw materials consumed accounted for 12.58%, 19.30%, 17.56% and 18.72% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively. Our cost of raw materials include expenses incurred at our manufacturing facilities at Bhiwadi, Rajasthan and Bawal, Haryana towards purchase of raw materials for our material handling and ash handling equipment. Raw materials' cost indicates the difference between the opening and closing inventory, as adjusted for raw materials purchased during the period.



#### *Raw materials consumed for fabrication*

Raw materials consumed for fabrication includes costs of raw materials used in relation to the fabrication works. This includes costs of iron and steel, bearings, castings, plumber blocks and other processing equipment which we outsource from third party manufacturers and vendors for the fabrication works done at the project sites. Costs of raw materials used in our manufacturing facilities are recognized as 'cost of raw materials consumed', whereas, costs of raw materials consumed at our project sites for fabrication works are recognized as 'cost of raw materials consumed for fabrication'. Our cost of raw materials consumed for fabrication accounted for 4.25%, 8.87%, 10.87% and 10.55% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### *Purchases of traded products (project supplies)*

Expenditure in relation to purchase of traded products (project supplies) refers to products sourced from third party vendors for project supplies. Traded products include products such as gear boxes, conveyor belts and electrical hoists, which we outsource in relation to our services pursuant to our materials handling or ash handling contracts. Cost of traded products in relation our BoP and EPC contracts for thermal power projects are recognized as part of the contract cost as per AS 7 of the Accounting Standards in India issued by the ICAI. Cost incurred in purchases of traded products accounted for 37.74%, 29.26%, 36.72% and 37.50% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### *Contract cost*

Contract cost relates to expenditure incurred in relation to our turnkey projects which includes comprehensive expenditure towards the complete execution of the projects. This comprise of expenditure incurred on design and engineering, manufacturing and sourcing of equipment and other packages, project management and commissioning of the projects. We recognize cost on percentage cost completion method from our turnkey contracts which comprise conceptualization to commissioning and construction works. Accordingly, the entire costs incurred on such projects including costs incurred on raw materials at our manufacturing facilities or project sites, equipment purchased and traded in, fabrication charges, designing and engineering cost, labour costs are included in the contract cost. Our raw materials cost as part of the contract cost also includes cost of cement and tor steel as these contracts involve civil construction as well. Contract cost accounted for 16.63%, 13.33% and 2.89% of our total income for the seven months period ended October 31, 2009, fiscal 2009 and fiscal 2008, respectively.

#### *Staff costs*

Our staff costs comprise employee salaries and bonuses, contribution to employee's provident fund and other funds, staff welfare expenses and employee benefits. Staff costs accounted for 6.65%, 4.88%, 4.67% and 4.91% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### *Other cost of goods sold*

Other cost of goods sold primarily comprise of excise costs, fabrication charges, power and fuel costs, stores and spares consumed, inward freight and forwarding charges, equipment hire charges, repairs and maintenance. Other cost of goods sold accounted for 5.48%, 4.81%, 4.58% and 4.27% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### *Administration expenses*

Travel and conveyance, rent, electricity, communication, charity and donation, repairs and maintenance, printing and stationery, rates and taxes, legal and professional and insurance premium are the major constituents of administration expenses. Administration expenses accounted for 3.26%, 2.55%, 4.24% and 4.54% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.



#### *Selling and distribution expenses*

Selling and distribution expenses include advertising and marketing expenses, sales commission, rebates and discounts, warranty expenses, outward freights, royalty paid to technical collaborators and tender fees. Selling and distribution expenses accounted for 3.48%, 4.04%, 4.09% and 3.58% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### *Interest and bank charges*

Interest and bank charges include interest paid on term loans, working capital facilities and cash credit, bank guarantee, letter of credit discounting charges, bill discounting charges, export packing credit, bank advisory fees and processing fees. Interest and bank charges accounted for 5.81%, 1.71%, 0.98% and 1.46% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### *Depreciation and amortization*

Depreciation is provided on a pro-rata basis under the straight line method at rates of depreciation as prescribed in Schedule XIV to the Companies Act, except in respect of furniture and fixtures and office equipment on which depreciation is provided at rates higher than those prescribed in Schedule XIV to the Companies Act. Leasehold land and technical know-how were amortized over the period of lease and technology license agreements' period, respectively. Leasehold improvements are depreciated over the period of leases or the useful life of the underlying asset, whichever is less. Depreciation and amortization accounted for 0.66%, 0.40%, 0.50% and 0.58% of our total income for the seven months period ended October 31, 2009, fiscal 2009, fiscal 2008 and fiscal 2007, respectively.

#### **Seven months period ended October 31, 2009**

TAL and TPSL merged into our Company pursuant to a scheme of amalgamation under sections 391 – 394 of the Companies Act. The scheme of amalgamation was approved by the High Court of Bombay on November 20, 2009 and by the High Court of Delhi on March 4, 2010. Pursuant to the scheme of amalgamation, TAL and TPSL merged into our Company effective as of April 1, 2009. Accordingly, our results of operations for the seven months period ended October 31, 2009 also includes the results of operations of our ash handling business pursuant to merger of TAL into our Company and fully consolidates the results of operations of TPSL. Therefore, our results of operation for the seven months period ended October 31, 2009 are not directly comparable with previous periods.

#### *Income*

Our total income was Rs. 5,485.77 million for the seven months period ended October 31, 2009. Our gross income for the seven months period ended October 31, 2009 increased in comparison to previous periods as a result of the merger of TAL into our Company with effect from April 1, 2009. Pursuant to this merger, the income from our ash handling operations have been consolidated in our results of operations for the seven months period ended October 31, 2009.

#### *Income from sales of manufactured products*

Our income from sale of products manufactured by our Company was Rs. 821.86 million for the seven months period ended October 31, 2009. This result was positively impacted by the revenue earned from sale of ash handling systems and equipments which were manufactured in our ash handling manufacturing facility at Bhiwadi, Rajasthan as the income from manufacture of ash handling equipment was merged with our income from sale of material handling products manufactured for the seven months period ended October 31, 2009. Some of the significant contracts which contributed towards our income from sales of equipment manufactured by our Company as part of such contracts are (i) supply of equipment for bauxite handling and secondary crushing systems for Utkal Alumina International Limited, (ii) coal handling systems package for 2x525 MW Maithon Thermal Power Project for Maithon Power Limited and (iii) coal handling plant for 2x600 MW Hisar Thermal Power Plant for Reliance Infrastructure Limited.



#### *Income from sales of products traded in (project supplies)*

Our income from sale of products traded in (project supplies) by our Company was Rs. 2,480.29 million for the seven months period ended October 31, 2009. Some of the significant contracts which contributed towards our income from sales of products traded in (project supplies) by our Company as part of such contracts are (i) coal handling systems package for 2x525 MW Maithon Thermal Power Project for Maithon Power Limited, (ii) coal handling plant for 2x600 MW Hisar Thermal Power Plant for Reliance Infrastructure Limited and (iii) coal handling plant for 2x300 MW Rosa Thermal Power Project for Utility Energytech & Engineers Private Limited.

#### *Service income*

Our service income was Rs. 257.45 million for the seven months period ended October 31, 2009. Our service income was significantly driven by income from design and engineering, fabrication and commissioning work in relation to our material handling and ash handling contracts. Some of the significant projects undertaken in the seven months period ended October 31, 2009 which contributed towards our service income are (i) coal handling systems package for 2x525 MW Maithon Thermal Power Project for Maithon Power Limited, (ii) design, engineering services for project – 33 KVA / 400 volts sub stations for U.P. irrigation department through Indu Projects Limited and (iii) for supply, erection, testing and commissioning of coal handling plant for Madhucon Projects Limited.

#### *Contract revenue*

Our contract revenue for the seven months period ended October 31, 2009 was Rs. 1,473.58 million. Some of the significant projects which contributed towards our contract revenue for the seven months period ended October 31, 2009 were (i) our contract for the coal handling systems package for 2x525 MW Maithon right bank thermal power project for Maithon Power Limited, (ii) our contract for the coal handling plant package for the 1x500 MW thermal power project at Korba for NTPC Limited and (iii) our contract for erection of the plant and equipment, steel structures, refractories for enhancement of loading capacity at Bolani ore mines, Odisha for Steel Authority of India Limited.

#### *Other income*

Our other income was Rs. 95.10 million for the seven months period ended October 31, 2009.

#### *Expenditure*

Our total expenditure was Rs. 5,297.03 million for the seven months period ended October 31, 2009. Our gross expenditure for the seven months period ended October 31, 2009 was also significantly impacted by the merger of TAL into our Company with effect from April 1, 2009 pursuant to which ash handling operations and related expenditures were included in our results of operations for the seven months period ended October 31, 2009.

#### *Raw materials consumed*

Our cost of raw materials consumed was Rs. 690.36 million for the seven months period ended October 31, 2009 which primarily includes iron and steel, bearings, castings, plumber blocks, motors and others. Our cost of raw materials was significantly impacted by the raw materials purchased in relation to our ash handling operations in our ash handling manufacturing facility at Bhiwadi, Rajasthan.

#### *Raw materials consumed for fabrication*

Our cost of raw materials consumed for fabrication was Rs. 233.29 million for the seven months period ended October 31, 2009. This included costs of raw materials in relation to the fabrication works done at our project sites in relation to our material handling as well as ash handling contracts.

#### *Purchases of traded products (project supplies)*

Our cost of purchases of traded products (project supplies) was Rs. 2,070.54 million for the seven months period ended October 31, 2009. This included products sourced from third party vendors for project supplies in relation to our material handling as well as ash handling projects supplies.



#### *Contracts cost*

Our cost of contracts was Rs. 912.30 million for the seven months period ended October 31, 2009. Our contract cost was significantly impacted by the cost incurred in relation to our turnkey material handling contracts undertaken in the seven months period ended October 31, 2009. The significant turnkey material handling projects which impacted our contracts cost have been discussed under contract revenue for the seven months period ended October 31, 2009 above.

#### *Staff costs*

Our staff costs were Rs. 364.96 million for the seven months period ended October 31, 2009. Our staff costs were driven by a general increase in the salaries, allowances and bonus paid to our employees as well as an increase in the number of our employees from 751 as on March 31, 2009 to 1,263 as on October 31, 2009.

#### *Other cost of goods sold*

Our other cost of goods sold for the seven months period ended October 31, 2009 was Rs. 300.87 million which included fabrication charges, inward freight forwarding charges and equipment hire charges in relation to our material handling and ash handling systems and equipments.

#### *Administration expenses*

Our administration expenses for the seven months period ended October 31, 2009 were Rs. 179.07 million. This was driven by traveling and conveyance expenses due to varied geographical locations of our projects, lease rent paid for various office premises including our office premises in Pune, Maharashtra relating to our ash handling operations, legal and professional expenses and communication costs.

#### *Selling and distribution expenses*

Our selling and distribution expenses were Rs. 190.68 million for the seven months period ended October 31, 2009 which included outward freight charges, sales commission paid and advertising and marketing expenses incurred.

#### *Interest and bank charges*

Our interest and bank charges for the seven months period ended October 31, 2009 were Rs. 318.59 million. This was significantly driven by interest paid on working capital facilities from banks including State Bank of India and commission charges, bill discounting charges, bank advisory fees and processing fees.

#### *Depreciation and amortization*

Our depreciation and amortization expenses were Rs. 36.37 million for the seven months period ended October 31, 2009. This was driven by opening of our operations head office at Chennai, Tamil Nadu and increase in the fixed assets due to merger of TAL and its ash handling undertaking into our Company.

#### ***Profit before tax and extra-ordinary items***

Primarily due to the reasons described above, our profit before tax and adjustment due to extra-ordinary items was Rs. 188.74 million for the seven months period ended October 31, 2009.

#### ***Provision for tax***

We made a provision for tax of Rs. 74.86 million for the seven months period ended October 31, 2009.

#### ***Restated net profit after tax and after extra-ordinary items adjustments***

Our profit after tax was Rs. 118.00 million for the seven months period ended October 31, 2009.



## **Fiscal 2009 compared with fiscal 2008**

### ***Income***

Our total income increased by Rs. 3,283.45 million, or 64.40% from Rs. 5,098.15 million in fiscal 2008 to Rs. 8,381.60 million in fiscal 2009. This increase was largely due to Rs. 1,006.45 million increase in sales of products traded in by our Company, Rs. 607.41 million increase in sales of products manufactured by us and Rs. 1,256.06 million increase in contract revenue.

### ***Income from sales of manufactured products***

Our income from sale of products manufactured by our Company increased by Rs. 607.41 million, or 42.24%, from Rs. 1,438.05 million in fiscal 2008 to Rs. 2,045.46 million in fiscal 2009. This increase was primarily due to increase in manufacturing outlays of material handling equipments due to increase in our order sizes. Some of the significant contracts which contributed towards our income from sales of equipment manufactured by our Company as part of such contracts were (i) design, engineering and supply of lignite handling systems for Rajwest Power Limited, (ii) coal handling plant for 2x600 MW Hisar Thermal Power Plant for Reliance Infrastructure Limited and (iii) design, engineering, supply and supervision of erection and commissioning of equipment for Ruwais Sulphur Expansion Project for Dodsai Engineering & Construction Pte Limited.

### ***Income from sales of products traded in (project supplies) by the Company***

Our income from sale of products traded in (project supplies) by our Company increased by Rs. 1,006.45 million, or 34.79%, from Rs. 2,893.00 million in fiscal 2008 to Rs. 3,899.45 million in fiscal 2009. This increase was primarily due to increase in our bought outs due to increase in the number of work orders and order values. Some of the significant contracts which contributed towards our income from sales of products traded in by our Company as part of such projects are (i) coal handling plant for 2x600 MW Hisar Thermal Power Plant for Reliance Infrastructure Limited, (ii) coal handling plant for 2x300 MW Rosa Thermal Power Project for Utility Energytech & Engineers Private Limited and (iii) design, engineering and supply of lignite handling systems for Rajwest Power Limited.

### ***Service income***

Our service income increased by Rs. 76.62 million, or 14.65%, from Rs. 523.08 million in fiscal 2008 to Rs. 599.70 million in fiscal 2009. Our service income was positively driven by increase in number and sizes of orders as well as increased scope of our services. In fiscal 2009, our service income was driven by the opportunities and growth in the thermal power sector which increased the scope and value of our orders. Some of the significant thermal power projects undertaken in fiscal 2009 which contributed towards our service income are (i) coal handling systems package for 2x525 MW Maithon Thermal Power Project for Maithon Power Limited, (ii) erection and commissioning of mechanical and structures for lignite handling systems for Mecon Limited and (iii) design and engineering for bauxite handling and secondary crushing systems for Alumina Refinery Project, Rayagada for Utkal Alumina International Limited.

### ***Contract revenue***

Our contract revenue substantially increased by Rs. 1,256.06 million, or 652.87%, from Rs. 192.39 million in fiscal 2008 to Rs. 1,448.45 million in fiscal 2009. This increase was primarily due to our increased focus on undertaking turnkey material handling contracts which also involved civil construction as part of the scope of our turnkey contracts. Some of the significant turnkey contracts undertaken in fiscal 2009 which contributed towards our contract revenue were (i) our contract for enhancement of loading capacity at raw material division at Bolani ore mines, Odisha for Steel Authority of India Limited, (ii) our contract for the coal handling plant package for the 1x500 MW super critical thermal power project at Korba for NTPC Limited and (iii) supply of complete coal handling plant for Bharat Heavy Electricals Limited.

### ***Other income***

Our other income increased by Rs. 75.95 million, or 173.44%, from Rs. 43.79 million in fiscal 2008 to Rs. 119.74 million in fiscal 2009. This increase was primarily due to an increase in interest earned on fixed deposits. The increase in fixed deposits were due to increase in margin or additional guarantees required for our contracts.





## ***Expenditure***

Our total expenditure increased by Rs. 3,033.33 million, or 68.32%, from Rs. 4,440.06 million in fiscal 2008 to Rs. 7,473.39 million in fiscal 2009. This increase was principally due to Rs. 722.90 million increase in cost of raw materials consumed, Rs. 970.36 million increase in contract cost and Rs. 580.09 million increase in cost of purchase of traded products.

### ***Raw materials consumed***

Our cost of raw materials consumed increased by Rs. 722.90 million, or 80.77%, from Rs. 895.05 million in fiscal 2008 to Rs. 1,617.95 million in fiscal 2009. This increase was due to increase in order size and manufacturing outlays. This was also impacted by increase in the cost of iron and steel in fiscal 2009 and increase in our manufacturing capacity of our material handling manufacturing facility at Bhiwadi, Rajasthan from 144,000 units of idlers per year to 170,000 units of idlers per year. Our cost of raw materials consumed as a percentage of our total income increased from 17.56% in fiscal 2008 to 19.30% in fiscal 2009 due to increase in the price of steel in fiscal 2009.

### ***Raw materials consumed for fabrication***

Our cost of raw materials consumed for fabrication increased by Rs. 188.96 million, or 34.10%, from Rs. 554.12 million in fiscal 2008 to Rs. 743.08 million in fiscal 2009. This increase was due to increase in the cost of iron and steel in fiscal 2009 and additional fabrication work undertaken by the fabricators due to enhanced supplies. Our cost of raw materials consumed for fabrication as a percentage of our total income decreased from 10.87% in fiscal 2008 to 8.87% in fiscal 2009 due to lower fabrication charges as a result of increase in volume of fabrication work.

### ***Purchases of traded products (project supplies)***

Our cost of purchases of traded products (project supplies) increased by Rs. 580.09 million or 30.99%, from Rs. 1,872.07 million in fiscal 2008 to Rs. 2,452.16 million in fiscal 2009. This increase was in conformity with our increased operations and order sizes.

### ***Contracts cost***

Our cost of contracts increased by Rs. 970.36 million, or 658.85%, from Rs. 147.28 million in fiscal 2008 to Rs. 1,117.64 million in fiscal 2009. This increase was primarily due to our focus on undertaking turnkey material handling contracts which involved civil construction, erection and commissioning as part of our scope of services pursuant to the turnkey contracts.

### ***Staff costs***

Our staff costs increased by Rs. 171.33 million, or 72.03%, from Rs. 237.86 million in fiscal 2008 to Rs. 409.19 million in fiscal 2009. This increase in our staff costs were driven by a general increase in the salaries, allowances and bonus paid to our employees as well as an increase in the number of our employees from 662 on March 31, 2008 to 751 on March 31, 2009. Our staff costs as a percentage of our total income increased from 4.67% in fiscal 2008 to 4.88% in fiscal 2009.

### ***Other cost of goods sold***

Our other cost of goods sold increased by Rs. 169.97 million, or 72.85%, from Rs. 233.31 million in fiscal 2008 to Rs. 403.28 million in fiscal 2009. This increase was primarily due to increase in manufacturing activities led by an increase in the capacity of our manufacturing facility in Bhiwadi, Rajasthan and increased operations. Our other manufacturing expenses as a percentage of our total income increased from 4.58% in fiscal 2008 to 4.81% in fiscal 2009.

### ***Administration expenses***

Our administration expenses decreased by Rs. 2.35 million, or 1.09%, from Rs. 216.35 million in fiscal 2008 to Rs. 214.00 million in fiscal 2009. This decrease was due to a decrease in our legal and professional charges. Our



administration expense as a percentage of our total income decreased from 4.24% in fiscal 2008 to 2.55% in fiscal 2009.

#### *Selling and distribution expenses*

Our selling and distribution expenses increased by Rs. 130.35 million, or 62.56%, from Rs. 208.35 million in fiscal 2008 to Rs. 338.70 million in fiscal 2009. This increase was primarily due to increase in outward freight charges, advertising and marketing expenses and increase in royalty paid to FAM Magdeburger Forderanlagen und Baumaschinen GmbH, Germany, one of our technical collaborators. Our selling and distribution expenses as a percentage of our total income decreased from 4.09% in fiscal 2008 to 4.04% in fiscal 2009.

#### *Interest and bank charges*

Our interest and bank charges increased by Rs. 93.77 million, or 187.65%, from Rs. 49.97 million in fiscal 2008 to Rs. 143.74 million in fiscal 2009. This increase was due to increase in interest paid on working capital facilities particularly from the State Bank of India as a result of higher working capital requirements based on increase in our operations and increase in bank guarantees issued in relation to our turnkey contracts undertaken. Our interest and bank charges as a percentage of our total income increased from 0.98% in fiscal 2008 to 1.71% in fiscal 2009 due to increase in interest rates, commission charges and Order Book.

#### *Depreciation and amortization*

Our depreciation and amortization expenses increased by Rs. 7.95 million, 30.93%, from Rs. 25.70 million in fiscal 2008 to Rs. 33.65 million in fiscal 2009. This increase was due to increase in gross fixed assets.

#### ***Profit before tax and extra-ordinary items***

Primarily due to the reasons described above, our profit before tax and adjustment due to extra-ordinary items increased by Rs. 250.12 million, or 38.01%, from Rs. 658.09 million in fiscal 2008 to Rs. 908.21 million in fiscal 2009.

#### ***Provision for tax***

Due to an increase in our profit before tax, our provisions for tax liabilities increased by Rs. 105.10 million, or 42.14%, from Rs. 249.41 million in fiscal 2008 to Rs. 354.51 million in fiscal 2009. Our current tax increased by Rs. 107.42 million, or 44.31%, from Rs. 242.45 million in fiscal 2008 to Rs. 349.87 million in fiscal 2009.

#### ***Restated net profit after tax and after extra-ordinary items adjustments***

Our profit after tax increased by Rs. 148.76 million, or 36.49%, from Rs. 407.70 million in fiscal 2008 to Rs. 556.46 million in fiscal 2009.

#### **Fiscal 2008 compared with fiscal 2007**

##### ***Income***

Our total income increased by Rs. 2,714.22 million, or 113.85% from Rs. 2,383.93 million in fiscal 2007 to Rs. 5,098.15 million in fiscal 2008. This increase was largely due to Rs. 756.71 million increase in sales of products manufactured by our Company, Rs. 1,510.99 million increase in sales of products traded in by our Company and Rs. 192.39 million increase in contract revenue.

##### ***Income from sales of manufactured products***

Our income from sale of products manufactured by our Company substantially increased by Rs. 756.71 million, or 111.06%, from Rs. 681.34 million in fiscal 2007 to Rs. 1,438.05 million in fiscal 2008. This increase was primarily due to increase in manufacturing activities at our material handling manufacturing facility at Bhiwadi, Rajasthan for the full 12 months period in fiscal 2008 compared to fiscal 2007 in which this manufacturing facility in Bhiwadi was operational only for four months since its commencement in December 2006. Our income from sales of manufactured products was significantly impacted by certain supply contracts entered by





our Company including (i) supply of belt conveyor and accessories for cement plant at Shambhupura for Grasim Industries Limited, (ii) supply of belt conveyor system for lignite handling system for 2x250 MW Thermal Power Station for Mecon Limited and (iii) supply of belt conveyor and accessories for cement plant at Kotputli for Grasim Industries Limited.

*Income from sales of products traded in (project supplies) by the Company*

Our income from sale of products traded in (project supplies) by our Company significantly increased by Rs. 1,510.99 million, or 109.33%, from Rs. 1,382.01 million in fiscal 2007 to Rs. 2,893.00 million in fiscal 2008. This increase was primarily due to increase in our bought outs due to increase in the number of supply as well as service orders and order values. Some of the significant contracts which contributed towards our income from sales of products traded in by our Company as part of such projects are (i) design, engineering, supply, fabrication, erection, installation, commissioning and testing for complete coal handling plant (except civil work) for Punj Lloyd Limited, (ii) design, engineering and supply of lignite handling system for Rajwest Power Limited and (iii) supply of belt conveyor and accessories for cement plant at Tadipatri for Ultratech Cement Limited.

*Service income*

Our service income increased by Rs. 286.86 million, or 121.44%, from Rs. 236.22 million in fiscal 2007 to Rs. 523.08 million in fiscal 2008. Our service income was positively driven by increase in number and sizes of orders as well as increased scope of our services. Some of the significant projects undertaken in fiscal 2008 which contributed towards our service income are (i) design, engineering and supply of lignite handling system for Rajwest Power Limited, (ii) design, engineering, supply and supervision of erection and commissioning of equipment for Ruwais Sulphur Expansion Project for Dodsai Engineering & Construction Pte Limited and (iii) supply of fabricated steel structure for lignite handling system for Mecon Limited.

*Contract revenue*

Our contract revenue increased by Rs. 192.39 million. We did not receive any contract revenue in fiscal 2007. However, we received Rs. 192.39 million as contract revenue in fiscal 2008 from our engineering procurement and commissioning contract for the 30 MW power plant and supply of machineries and equipment, spare parts, operations manuals, drawings and documents for Indian Metals and Ferro Alloys Limited.

*Other income*

Our other income increased by Rs. 30.26 million, or 223.65%, from Rs. 13.53 million in fiscal 2007 to Rs. 43.79 million in fiscal 2008. This increase was primarily due to an increase in interest earned on fixed deposits. The increase in fixed deposits were due to increase in margin or additional guarantees required for our contracts.

***Expenditure***

Our total expenditure increased by Rs. 2,387.40 million, or 116.31%, from Rs. 2,052.66 million in fiscal 2007 to Rs. 4,440.06 million in fiscal 2008. This increase was principally due to Rs. 448.80 million increase in cost of raw materials consumed for manufacturing, Rs. 302.69 million increase in cost of raw materials consumed for fabrication and Rs. 978.16 million increase in cost of purchase of traded products.

*Raw materials consumed*

Our cost of raw materials consumed increased by Rs. 448.80 million, or 100.57%, from Rs. 446.25 million in fiscal 2007 to Rs. 895.05 million in fiscal 2008. This increase was due to increase in order size and manufacturing outlays as well as increase in the price of iron and steel. Our cost of raw materials consumed as a percentage of our total income decreased from 18.72% in fiscal 2007 to 17.56% in fiscal 2008 due to efficient use of raw materials.

*Raw materials consumed for fabrication*

Our cost of raw materials consumed for fabrication increased by Rs. 302.69 million, or 120.39%, from Rs. 251.43 million in fiscal 2007 to Rs. 554.12 million in fiscal 2008. This increase was due to additional



fabrication work required by the fabricators due to enhanced supplies. Our cost of raw materials consumed for fabrication as a percentage of our total income increased from 10.55% in fiscal 2007 to 10.87% in fiscal 2008.

#### *Purchases of traded products (project supplies)*

Our cost of purchases of traded products (project supplies) increased by Rs. 978.16 million, or 109.42%, from Rs. 893.91 million in fiscal 2007 to Rs. 1,872.07 million in fiscal 2008. This increase was in conformity with our increased operations and order sizes.

#### *Staff costs*

Our staff costs increased by Rs. 120.72 million, or 103.06%, from Rs. 117.14 million in fiscal 2007 to Rs. 237.86 million in fiscal 2008. This increase in our staff costs were driven by a general increase in the salaries, allowances and bonus paid to our employees as well as an increase in the number of our employees from 372 on March 31, 2007 to 662 as on March 31, 2008. Our staff costs as a percentage of our total income decreased from 4.91% in fiscal 2007 to 4.67% in fiscal 2008 due to an increase in our total income.

#### *Other cost of goods sold*

Our other cost of goods sold increased by Rs. 131.55 million, or 129.27%, from Rs. 101.76 million in fiscal 2007 to Rs. 233.31 million in fiscal 2008. This increase was due to increase in manufacturing activities led by an increase in capacities of our manufacturing facilities and increased operations. Our other manufacturing expenses as a percentage of our total income increased from 4.27% in fiscal 2007 to 4.58% in fiscal 2008.

#### *Administration expenses*

Our administration expenses increased by Rs. 108.13 million, or 99.92%, from Rs. 108.22 million in fiscal 2007 to Rs. 216.35 million in fiscal 2008. This increase was primarily due to increase in traveling and conveyance costs, lease rent paid for various office premises and legal and professional expenses.

#### *Selling and distribution expenses*

Our selling and distribution expenses increased by Rs. 122.90 million, or 143.83%, from Rs. 85.45 million in fiscal 2007 to Rs. 208.35 million in fiscal 2008. This increase was primarily due to increase in advertising and marketing expenses, higher amount of sales commission paid, and increase in royalty paid to FAM Magdeburger Forderungen und Baumaschinen GmbH, Germany, one of our technical collaborators and tender fees. Our selling and distribution expenses as a percentage of our total income increased from 3.58% in fiscal 2007 to 4.09% in fiscal 2008.

#### *Interest and bank charges*

Our interest and bank charges increased by Rs. 15.25 million, or 43.92%, from Rs. 34.72 million in fiscal 2007 to Rs. 49.97 million in fiscal 2008. This increase was due to increase in interest and commission charges paid on working capital facilities particularly from State Bank of India as a result of higher working capital requirements based on increase in our operations, and increase in bank guarantees issued in relation to our turnkey contracts undertaken. Our interest and bank charges as a percentage of our total income decreased from 1.46% in fiscal 2007 to 0.98% in fiscal 2008 due to increase in interest rates, commission charges and our Order Book.

#### *Depreciation and amortization*

Our depreciation and amortization expenses increased by Rs. 11.92 million, 86.50%, from Rs. 13.78 million in fiscal 2007 to Rs. 25.70 million in fiscal 2008. This increase was due to increase in gross fixed assets.

#### *Profit before tax and extra-ordinary items*

Primarily due to the reasons described above, our profit before tax and adjustment due to extra-ordinary items increased by Rs. 326.82 million, or 98.66%, from Rs. 331.27 million in fiscal 2007 to Rs. 658.09 million in fiscal 2008.



### ***Provision for tax***

Due to an increase in our profit before tax, our provisions for tax liabilities increased by Rs. 120.93 million, or 94.12%, from Rs. 128.48 million in fiscal 2007 to Rs. 249.41 million in fiscal 2008. Our current tax increased by Rs. 118.36 million, or 95.38%, from Rs. 124.09 million in fiscal 2007 to Rs. 242.45 million in fiscal 2008.

### ***Restated net profit after tax and after extra-ordinary items adjustments***

Our profit after tax increased by Rs. 206.27 million, or 102.40%, from Rs. 201.43 million in fiscal 2007 to Rs. 407.70 million in fiscal 2008.

### **Liquidity and Capital Resources**

As of October 31, 2009, we had cash and bank balances of Rs. 1,488.05 million. Cash and bank balances consist of cash on hand, cheques on hand and deposit accounts. Our primary liquidity requirements have been to finance our working capital requirements. We have met these requirements from cash flows from operations, and short-term and long-term borrowings. Our business requires a significant amount of working capital. We expect to meet our working capital requirements for the next 12 months primarily from the cash flows from our business operations, project specific borrowings from banks and financial institutions as may be expedient and to a certain extent from the proceeds of this Offer.

### ***Cash flows***

Set forth below is a table of selected information from the Company's consolidated statements of cash flows for the periods indicated.

*(Rs. in million)*

<b>Particulars</b>	<b>Seven months period ended October 31, 2009</b>	<b>Fiscal 2009</b>	<b>Fiscal 2008</b>	<b>Fiscal 2007</b>
Net cash from/ (used in) operating activities	(685.25)	270.36	125.17	175.36
Net cash from/ (used in) investing activities	(178.26)	(367.63)	(234.93)	(223.97)
Net cash from/ (used in) financing activities	1,040.23	648.82	279.32	195.23
Net increase/ (decrease) in cash and cash equivalents	176.72	551.55	169.56	146.62
Cash and cash equivalents at the beginning of the year	1,311.33*	455.65	286.09	139.47
Cash and cash equivalents as at the end of the year	1,488.05	1,007.20	455.65	286.09

*\*This includes Rs. 304.13 million cash and cash equivalents acquired pursuant to merger of TAL and TPSL with our Company*

#### ***Net cash from/used in operating activities***

Net cash used in operating activities in the seven months ended October 31, 2009 was Rs. 685.25 million and our operating profit before working capital changes for that period was Rs. 520.49 million. The difference was attributable to a Rs. 420.41 million increase in sundry debtors due to increase in our operations and merger of TAL and TPSL with our Company, Rs. 132.85 million increase in loans and advances, Rs. 645.93 million increase in inventories and Rs. 242.53 million increase in current liabilities due to merger of TAL into our Company.

Net cash from operating activities in fiscal 2009 was Rs. 270.36 million and our operating profit before working capital changes for that period was Rs. 1,087.09 million. The difference was attributable to a Rs. 2,002.01 million increase in sundry debtors due to increase in our operations, Rs. 0.41 million decrease in loans and advances, Rs. 460.41 million increase in inventories and Rs. 2,163.31 million increase in current liabilities which was due to increase in our business operations.

Net cash from operating activities in fiscal 2008 was Rs. 125.17 million and our operating profit before working capital changes for that period was Rs. 736.63 million. The difference was attributable to a Rs. 1,390.86 million increase in sundry debtors due to increase in our operations, Rs. 172.24 million increase in loans and advances, Rs. 95.84 million increase in inventories and Rs. 1,283.10 million increase in current liabilities.

Net cash from operating activities in fiscal 2007 was Rs. 175.36 million and our operating profit before working capital changes for that period was Rs. 375.25 million. The difference was attributable to a Rs. 565.01 million



increase in sundry debtors due to increase in our operations, Rs. 137.74 million increase in inventories and Rs. 556.29 million increase in current liabilities.

#### *Net cash used in investing activities*

In the seven months ended October 31, 2009, our net cash used in investing activities was Rs. 178.26 million. This reflected the payments of Rs. 223.48 million towards the purchase of fixed and intangible assets which primarily consists of investment in our operations head office in Chennai, Tamil Nadu. This payment was partially offset by Rs. 54.78 million interest received on fixed deposits.

In fiscal 2009, our net cash used in investing activities was Rs. 367.63 million. This reflected the payments of Rs. 425.21 million towards the purchase of fixed and intangible assets which primarily consists investment in our operations head office in Chennai, Tamil Nadu and investment in plant and machinery at our material handling manufacturing facility at Bhiwadi, Rajasthan. These payments were partially offset by Rs. 57.17 million interests received on fixed deposits.

In fiscal 2008, our net cash used in investing activities was Rs. 234.93 million. This reflected the payments of Rs. 254.28 million towards the purchase of fixed and intangible assets which primarily consists of investment in our operations head office in Chennai, Tamil Nadu and purchase of vehicles, and investments in plants and machineries in the material handling manufacturing facility at Bhiwadi, Rajasthan. This payment was partially offset by Rs. 20.89 million interests received on fixed deposits.

In fiscal 2007, our net cash used in investing activities was Rs. 223.97 million. This reflected the payments of Rs. 103.66 million towards the purchase of fixed and intangible assets which primarily consists of furniture fittings in our office premises and vehicles and investment in our operations head office in Chennai, Tamil Nadu, and Rs. 126.81 million towards acquisition of Blossom Automotive Private Limited (net of cash). This payment was partially offset by Rs. 5.81 million interests received on fixed deposits.

#### *Net cash from financing activities*

In the seven months ended October 31, 2009, our net cash from financing activities was Rs. 1,040.23 million. This reflected Rs. 1,502.53 million received as short term borrowing for working capital requirements, Rs. 90.27 million received as proceeds of issuance of equity shares of TPSL and Rs. 101.83 million loan received from our Directors, Mr. A.K. Bishnoi and Mr. Amul Gabrani. These cash flows were partially offset by Rs. 313.71 million interest paid on loans, Rs. 138.49 million paid as interim dividend, Rs. 167.48 million loan advanced to Tecpro Engineers, Tecpro Infrastructures and Tecpro Stones, our Group Companies, and Rs. 112.43 million paid to Directors, Mr. A.K. Bishnoi and Mr. Amul Gabrani as repayment of loans from them.

In fiscal 2009, our net cash from financing activities was Rs. 648.82 million. This reflected Rs. 425.46 million received as short term borrowing for working capital requirements, Rs. 230.00 million received as proceeds of issuances of Equity Shares by our Company at a premium of Rs. 230 per Equity Share to Avigo Venture Investments Limited and Avigo Trustee Company Private Limited A/c The Avigo SME Fund and issuance of equity shares by TPSL at par, Rs. 199.99 million from issuance of preference shares of TPSL and Rs. 126.00 million loan received from our Directors, Mr. A.K. Bishnoi and Mr. Amul Gabrani. These cash flows were partially offset by Rs. 143.91 million interest paid on loans, Rs. 186.88 million paid as interim dividend, and Rs. 164.40 million loan advanced to Tecpro Stones and Tecpro Engineers, our Group Companies.

In fiscal 2008, our net cash from financing activities was Rs. 279.32 million. This reflected Rs. 319.32 million received as proceeds of issuance of Equity Shares at a premium of Rs. 230 per Equity Share to Credit Suisse PE Asia Investments (Mauritius) Limited, Kotak Mahindra Capital Company Limited and other investors, Rs. 78.31 million received as long term borrowing and Rs. 35.50 million loan received from our Directors, Mr. A.K. Bishnoi and Mr. Amul Gabrani. These cash flows were partially offset by Rs. 49.95 million interest paid on loans, Rs. 63.02 million paid as interim dividend and Rs. 42.92 million loan repayment by Tecpro Engineers.

In fiscal 2007, our net cash from financing activities was Rs. 195.23 million. This reflected Rs. 96.47 million received as proceeds of issuance of Equity Shares at a premium of Rs. 230 per Equity Share to Avigo Trustee Company Private Limited A/c The Avigo SME Fund and others and due to conversion of convertible preference shares, Rs. 73.47 million received as long term borrowing and Rs. 147.50 million loan received from our Directors, Mr. A.K. Bishnoi and Mr. Amul Gabrani. These cash flows were partially offset by Rs. 147.50



million paid to Directors, Mr. A.K. Bishnoi and Mr. Amul Gabrani as repayment of loans from them and Rs. 34.89 million as interest paid on loans.

### **Financial indebtedness**

The following table sets forth the Company's consolidated secured and unsecured debt position as at October 31, 2009.

(Rs. in million)

Particulars	Amount outstanding as at October 31, 2009
<b>Unsecured loans:</b>	
From promoters	39.00
From group companies	106.95
<b>Total (A)</b>	<b>145.95</b>
<b>Secured loans:</b>	
Term loans from bank	191.55
Export packing credit from bank	60.73
Cash credit from bank	1,553.01
Short term loans (repayable within one year)	655.43
Car loans from bank	7.40
Car loans from others	22.47
<b>Total (B)</b>	<b>2,490.59</b>
<b>Total (A+ B)</b>	<b>2,636.54</b>

### **Contingent Liabilities**

As of October 31, 2009, we had the following contingent liabilities that have not been provided for in our consolidated financial statements:

(Rs. in million)

Sl. No.		Amount
1.	Bills discounted (including cheques discounted) with recourse	153.17
2.	Demand for additional price / enhancement cost in respect of plots for our manufacturing facility situated in Bawal, Haryana	6.16
3.	Sales tax liability against pending "C" and "E 1" forms	639.12
4.	Claims against the company not acknowledged as debt in respect of sales tax matters	57.01
5.	Claims against the company not acknowledged as debt in respect of labour matters	1.20
6.	Show cause cum demand notice from The Additional Commissioner of Central Excise (Adjudication Cell, Pune) for service tax (received by TAL, which is now merged with our Company)	9.28

\* Additionally, our Company has executed a contract in respect of which debts amounting to Rs. 56.63 million are outstanding as on October 31, 2009. Our Company has made a provision of Rs. 37.40 million, as the statutory auditors believe the recovery is doubtful. The balance Rs. 19.23 million is considered recoverable since our Company has received performance guarantee certificates from the customer. Further, our Company has issued bank guarantees amounting to Rs. 47.7 million towards liquidated damages for the aforesaid contract. These bank guarantees were issued to recover amounts withheld by the customer including claims for rectification. The customer has not until date released or utilized any of the bank guarantees provided by our Company. Accordingly, we believe that there will be no claims on account of liquidated damages and hence has not provided for the same

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet transactions.



## **Quantitative and qualitative disclosure about market risk**

### ***Interest rate risk***

We are exposed to market rate risk due to changes in interest rates on our credit facilities that we entered into. As at October 31, 2009, we had Rs. 2,636.54 million of outstanding indebtedness, which exposed us to market risk as a result of changes in interest rates. We undertake debt obligations to support our working capital needs and capital expenditure. Upward fluctuations in interest rates increase the cost of debt and interest cost of outstanding variable rate borrowings. We do not currently use any derivative instruments to modify the nature of our debt so as to manage our interest rate risk.

### ***Commodity price risk***

We are exposed to market risk with respect to the prices of raw material and components used in our projects. These commodities include iron, steel and cement. The costs for these raw materials and components are subject to fluctuation based on commodity prices. The cost of components and various small parts sourced from outside manufacturers may also fluctuate based on their availability from suppliers. In the normal course of business, we purchase these raw materials and components either on a purchase order basis or pursuant to supply agreements. We do not enter into fixed price or forward contracts in relation to procurement of raw materials.

### ***Unusual or infrequent events or transactions***

Except as disclosed in this Draft Red Herring Prospectus, there are no events or transactions which may be described as “unusual” or “infrequent”.

### ***Known trends or uncertainties***

Our business has been impacted and we expect will continue to be impacted by the trends identified above in “Factors Affecting our Results of Operations” and the uncertainties described in “**Risk Factors**” on page xi. To our knowledge, except as we have described in this Draft Red Herring Prospectus, there are no known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

### ***Seasonality of business***

Our business is not typically seasonal in nature. However, we have experienced seasonality in our financial results and a significant portion of our revenues is generally booked in the last quarter. For example, our revenues in fourth quarter of fiscal 2009 accounted for 46.23% of our total revenue in fiscal 2009 on a standalone basis and our revenues in the fourth quarter of fiscal 2008 accounted for 46.55% of our total revenue in fiscal 2008 a standalone basis.

### ***Significant Regulatory Changes***

Except as described in “**Regulations and Policies in India**” on page 91, there have been no significant regulatory changes that could affect our income from continuing operations.

### ***Future relationship between expenditure and revenues***

Except as described in “**Risk Factors**”, “**Our Business**”, “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages xi, 74, and 370, respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

### ***Dependence on single or few customers***

As described in the sections “**Risk Factors**” and “**Our Business**” on pages xi and 74, respectively, we are dependent on a limited number of customers for a significant portion of our revenues.



### ***Competitive conditions***

We compete in the material handling industry, ash handling industry and the power infrastructure sector in the BoP and EPC contracts segments. For details, see “***Our Business - Competition***” on page 90.

### **Transactions with associate companies and related parties**

We have certain transactions with our associate companies and related parties. For details, see “***Annexure XIII - Consolidated statement of related party disclosures***” on page 257.

### **Recent accounting pronouncements**

There are no recent accounting pronouncements that were not yet effective as at October 31, 2009 that will result in a change in our Company’s significant accounting policies.

### **Significant Developments after October 31, 2009**

There has been no material development in relation to our Company or our Subsidiaries since October 30, 2009, except as disclosed elsewhere in this Draft Red Herring Prospectus and as disclosed below.

### ***Acquisition of MIPL***

MIPL became a subsidiary of our Company with effect from April 15, 2010 pursuant to two share purchase agreements dated April 3, 2010 and April 15, 2010, respectively. Our Company entered into a share purchase agreement dated April 3, 2010, with MIPL and Mr. Virendra Kumar Bhatia, pursuant to which our Company acquired 5,000 equity shares of MIPL *i.e.* 49.02% of the equity share capital of MIPL from Mr. Virendra Kumar Bhatia for an aggregate consideration of Rs. 102.50 million. Similarly, pursuant to a share purchase agreement dated April 15, 2010, entered into among our Company, MIPL, Mr. Baij Nath Chandok and J.R. Thermomaster Private Limited, our Company acquired 5,200 equity shares of MIPL (5,100 equity shares from Mr. Baij Nath Chandok and 100 equity shares from J.R. Thermomaster Private Limited) representing 50.98% of the equity share capital of MIPL for an aggregate consideration of Rs. 106.60 million.





## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil proceedings or tax liabilities against us or our Directors or group companies, whose outcome would have a material adverse effect on our business and there are no defaults, non-payment or overdue of statutory dues, institutional or bank dues or dues payable to holders of any debentures, bonds and fixed deposits, that would have a material adverse effect on our business other than unclaimed liabilities against us and our Directors as of the date of this Draft Red Herring Prospectus.

Except as described below, there are no proceedings initiated for economic offences or civil offences, or any disciplinary action taken by SEBI or any stock exchange, penalties imposed by any authorities against our Company and the Directors and no adverse findings, in respect of our Company as regards compliance with securities laws. Further, except as described below, there are no instances where our Company or the Directors have been found guilty in suits or criminal or civil prosecutions, or proceedings initiated for economic offences or civil offences, or any disciplinary action taken by SEBI or any stock exchange, proceedings or tax liabilities.

#### I. Litigation involving our Company

##### A. Litigation against our Company

###### 1. Statutory notices

There is a statutory notice pending before the Office of the Commissioner, Customs and Central Excise, Meerut.

The details are as follows:

- a. Our Company received a show cause notice (No. C-No. IV- CE (9) CP/M-1/117/2006/2816) dated January 4, 2007 from the Office of the Commissioner, Customs and Central Excise, Meerut on account of playing an active part in abetting the evasion of central excise duty by way of providing fictitious entries of profit to M/s Swaroop Castings Private Limited (“**Swaroop Castings**”). Our Company replied to the said notice through a letter dated July 30, 2007, and submitted the details of the cheques through which the payment for the services provided by Swaroop Castings were met and denied abetting the evasion of central excise duty. In addition, we provided the requisitioned documents pursuant to the letter dated August 18, 2008. The matter is currently pending.

###### 2. Income Tax

For Assessment Year 2006-2007

- a. The Income Tax Department has filed an appeal with the Income Tax Appellate Tribunal (“**ITAT**”) against the order dated November 20, 2009 of the Commissioner of Income Tax (Appeals) – XIX, New Delhi for assessment year 2006-07. In the said order, the Commissioner of Income Tax (Appeals) – XIX, cancelled the penalty of Rs. 0.23 million levied by the assessing officer on our Company pursuant to the additions made by him to the returned income, on account of additional depreciation and professional charges. The hearing before the ITAT for the said case took place on April 15, 2010 and the order of the ITAT is awaited.

For Assessment Year 2007-2008

- a. The Additional Commissioner of Income Tax (“**Ad. CIT**”), New Delhi, issued a demand notice under section 156 of the Income Tax Act, 1961 (“**IT Act**”) and order dated November 30, 2009 to our Company for assessment year 2007-2008 under Section 143(3) of the IT Act, demanding Rs. 0.25 million as income tax payable by our Company on account of disallowance of the claim of depreciation and disallowance under section 14A of the IT Act for expenditure incurred in connection with dividend income earned by the Company during the said assessment year. Further, penalty proceedings under Section 271(1) (c) of the IT Act were also initiated against our Company for furnishing inaccurate particulars of income and concealing taxable income. Our Company filed an appeal against the said assessment order before the Commissioner of Income Tax (Appeals)-XIX, New Delhi on December 30, 2009. The appeal has not come up for hearing yet. However, the Company has paid up the demand





raised by the Ad. CIT. The penalty proceedings initiated by the Ad. CIT under section 271(1) (c) of the IT Act have been kept in abeyance until disposal of the appeal by the Commissioner of Income Tax (Appeals)-XIX.

### 3. Sales Tax

For Assessment Year 2003-2004

- a. The Assessing Officer, Sales Tax Department pursuant to an order dated March 15, 2005, raised a demand of Rs. 0.55 million under Section 9 of the Central Sales Tax Act, 1956, read with Section 23 (3) of the Delhi Sales Tax Act, 1975, for the assessment year 2003-2004 on account of non-submission of form C and form E1. Our Company duly submitted the forms pursuant to which, the demand was reduced to Rs. 0.26 million, by the Assessing Authority, by order dated March 31, 2005. Subsequently an application dated July 14, 2005 was moved by our Company pointing a clerical mistake in calculating the amount to be credited in the order dated March 31, 2005. An amount of Rs. 0.14 million was disputed for which an appeal dated August 22, 2008 was filed by our Company before the Assistant Commissioner of Sales Tax, New Delhi. The Assistant Commissioner of Sales Tax, New Delhi, pursuant to its order dated September 26, 2005 remanded back the assessment order to the Assessing Authority with the direction to frame fresh assessment order after providing reasonable opportunity. Consequently, our Company submitted all requisite forms to the Assessing Officer and upon receipt of assessment and refund order, we moved a refund application but the said amount is yet to be refunded.

### 4. Civil Cases

- a. The Indure Private Limited (“**Indure**”) filed a writ petition (No. 4739 of 2009) against Chhattisgarh State Power Generation Company Limited (“**CSPGCL**”), our Company and others, before the High Court of Chhattisgarh at Bilaspur, challenging the contract awarded to our Company. The main allegations by Indure were: (a) the allocation of the project work was arbitrary and discriminatory; (b) Indure’s bid was lower than our Company’s; (c) by awarding the contract in an arbitrary manner, CSPGCL has caused the state of Chhattisgarh a loss of more than Rs. 1,250 million; and (d) CSPGCL ignored the principles of natural justice by not specifying reasons for rejecting their bid and thereby showing *malafide* intention. The petitioner prayed to, open their price bid and consider it on merit, quash and set aside letter of award issued by CSPGCL to our Company and refrain CSPGCL from finalizing the tender and awarding the project work. The High Court dismissed the writ petition pursuant to its order dated December 10, 2009. Subsequently, the petitioner filed a special leave petition (No. 34941 of 2009) before the Supreme Court challenging the order of the High Court of Chhattisgarh dated December 10, 2009. The matter is currently pending.

### 5. Legal notices

- a. The Haryana State Industrial and Infrastructure Development Cooperation Limited (“**HSIIDC**”), issued a demand notice dated December 4, 2007 on our Company, on account of enhanced cost of Rs. 5.13 million on the industrial plot allotted to us in Sector 7, Bawal, Haryana, pursuant to a letter of allotment dated January 23, 2004. HSIIDC sought the raised amount in accordance with letter of allotment which required our Company to pay the additional/ enhanced price as a consequence of award of enhancement in the acquisition price by the courts to the persons whose land was acquired by HSIIDC. Subsequently, our Company through a letter dated December 17, 2007 requested HSIIDC to provide the order of the court directing HSIIDC to pay the enhanced compensation and the basis of calculation of the enhanced cost. Upon non receipt of the aforementioned documents, our Company filed a writ petition for quashing of the notice dated December 4, 2007. The High Court of Punjab and Haryana disposed of the petition pursuant to its order dated January 9, 2008 and directed HSIIDC to provide all the documents to our Company and an opportunity for representation.

Subsequently, our Company received the said documentation and moved a representation dated April 10, 2008 before the HSIIDC on account of incomplete and insufficient documentation for determination of the veracity of the amount sought by HSIIDC. HSIIDC provided a personal hearing to our Company on August 5, 2008. Thereafter, HSIIDC disposed of the representation pursuant to a speaking order dated September 18, 2008 wherein, it was stated that since the matter pertaining to awarding of enhanced compensation to land owners was pending before the Reference Court, Rewari,



they would await such order before enhancement in land prices. In addition, the order provided our Company the option to not make the payment until the Reference Court, Rewari arrived at the final determination of the compensation to be paid to the land owners. The matter is currently pending.

## **B. Litigation by our Company**

### *1. Legal Notices*

- a. Our Company served a demand notice dated February 16, 2010 on Tati Nickel Mining Company (Pty) Limited (“**Tati Nickel**”) and Directech Industries (Pty) Limited (“**Directech**”) in relation to an outstanding payment of 0.12 million Euros. The said amount is due in respect of the goods supplied, of a total value of 0.47 million Euros by our Company to Tati Nickel, under a general purchase agreement executed between Directech, Tati Nickel and our Company, pursuant to a purchase order dated July 31, 2007. Our Company is yet to receive a response from either party.

*Pursuant to the scheme of amalgamation and with effect from the appointed date, the whole of the undertakings of TAL and TPSL including, among other things, assets, estates, rights, title, interest, authorities acquired, debts, liabilities, duties and obligations were transferred to our Company. For further details see, “**History and Certain Corporate Matters**” on page 95.*

Following is the pending litigation against TAL and TPSL:

## **II. Litigation by TPSL**

### *1. Legal Notices*

- a. TPSL sent a notice dated December 27, 2009 to M/s Crescent Engineering Construction for termination of the contract on account of non performance of the contractual obligations. We received a reply pursuant to a letter dated January 12, 2010 denying the allegations and cautioning to withdraw the termination notice. The matter is currently pending.

## **III. Litigation against TAL**

### *1. Statutory notices*

- a. The Additional Commissioner, Central Excise, Pune – I issued a show cause cum demand notice dated March 28, 2008 to TAL demanding service tax amounting to Rs. 4.64 million for the period starting from July 1, 2003 until May 31, 2007 along with a penalty of an equivalent amount on erection, commissioning and installation activities undertaken by TAL for its clients at different places in India. TAL filed a reply dated March 18, 2009 denying its liability to pay service tax on such contracts on the ground that the contract entered into by it is an indivisible contract and the value of service under such contracts cannot be determined. The contentions of TAL were rejected by the Additional Commissioner, Central Excise, Pune who confirmed the demand of service tax amounting to Rs. 4.64 million along with a penalty of Rs. 4.64 million pursuant to its order No. PI/ADC/Service Tax/23/2009 dated September 23, 2009. TAL challenged the order of the Additional Commissioner by filing an appeal before the Commissioner of Central Excise and Customs (Appeals), Pune-I which was allowed by the Commissioner (Appeals), Central Excise, Pune-I and the matter was remanded to the original adjudicating authority for re-computation of demand. The matter is currently pending.

### *2. Sales Tax*

TAL received six notices from the Sales Tax Department. The notices are as follows:

For Assessment Year 2001-2002

- a. The Central Sales Tax authorities issued a demand notice dated April 23, 2007 for the financial year 2001-02 under the provisions of the Central Sales Tax Act, 1956, demanding Rs. 13.41 million on account of among other things, not possessing statutory form “C” which entitles TAL a concessional rate of sales tax and not producing the requisite documents which substantiate that the purchases made



by TAL are sale in the course of import into India and are not liable to Central Sales Tax. The assessment was challenged by TAL before the Joint Commissioner of Sales Tax (Appeals) II, Mumbai, and by the order dated June 22, 2007 the company was directed to pay Rs. 2.00 million towards part payment as a condition precedent for staying the recovery of assessment dues of Rs. 13.41 million. The order of the Joint Commissioner of Sales Tax (Appeals) II was further challenged by the company before the Maharashtra Sales Tax Tribunal. Pursuant to order dated August 29, 2007 the Maharashtra Sales Tax Tribunal modified the order of the Joint Commissioner, directing TAL to pay Rs. 1.00 million and further staying the recovery of the balance amount. Pursuant to the order dated August 29, 2007, TAL has paid Rs. 1.00 million.

- b. The assessment proceedings of TAL for the financial years starting from 1997-98 until 2001-02 were finalized under the provisions of Uttar Pradesh Trade Tax Act, 1948 and tax amounting to Rs. 2.61 million was demanded. The assessment proceedings, being ex-parte, were challenged by TAL before the appellate authority, among other things, on the ground that the principles of natural justice were not followed and an opportunity for personal hearing was not provided to TAL. The appellate authority acceded to the request of TAL and stayed the recovery of the tax demanded and remanded the matters back to the assessing authority for re-computation of the tax liability. The matter is currently pending before the assessing authorities for re-assessment.

#### For Assessment Year 2002-2003

- a. The Central Sales Tax authority issued a demand notice dated March 26, 2009 for the financial year 2002-03 under the provisions of the Bombay Sales Tax Act, 1959 read with the Central Sales Tax Act, 1956, demanding central sales tax amounting to Rs. 8.64 million, including interest and penalty pursuant to the assessment order dated March 26, 2009, on account of, TAL not possessing statutory forms "C", "D", "E-I/E-II" which entitle it to a concessional rate of Central Sales Tax. In addition, since TAL did not furnish the statutory forms, it has been assessed to Central Sales Tax at a rate higher than what was claimed by it.

TAL has already paid central sales tax amounting to Rs. 2.73 million in the said financial year which has been adjusted against the demand of Rs. 8.64 Million. Consequently, TAL preferred an appeal before the Joint Commissioner of Sales Tax (Appeals) – II, Mumbai for the balance amount of Rs. 5.91 million, and contended that the demand is not sustainable as it has not been provided a reasonable opportunity to produce the necessary forms. The matter is currently pending.

#### For Assessment Year 2003-2004

- a. The Central Sales Tax authority issued a demand notice dated July 25, 2006 for the financial year 2003-04 under the provisions of West Bengal Sales Tax Act, 1994 read with the Central Sales Tax Act, 1956 and tax amounting to Rs. 1.51 million was demanded. The assessment proceedings were challenged by TAL before the appellate authority, Assistant Commissioner, Commercial Tax, Kolkata South, Circle, on the ground of improper dis-allowance of certain items *i.e.* sub-contractors' bills, declared goods, delivery charges, tax deducted at source on works contract and imposition of tax for non-submission of statutory forms 'C' and 'E-1'. The appellate authority, Assistant Commissioner, Commercial Tax, Kolkata South, Circle, has stayed the recovery of the tax demanded and has remanded the matters back to the assessing authority for re-computation of the tax liability. These matters are currently pending before the assessing authorities, Commercial Tax Officer, PS/Charge, Kolkata.

#### For Assessment Year 2005-2006

- a. The Central Sales Tax authority issued a demand notice dated September 22, 2008 for the financial year 2005-06 under the provisions of West Bengal Sales Tax Act, 1994 read with the Central Sales Tax Act, 1956, demanding an amount of Rs. 5.11 million, on account of the company not possessing the statutory form "C" which entitles TAL to a concessional rate of Central Sales Tax. In addition, since TAL did not furnish the statutory forms, it was assessed at a rate higher than what was claimed by it. TAL has preferred an appeal before the Joint Commissioner, Sales Tax against the assessment order and the matter is currently pending.



For Assessment Year 2006-2007

- a. The Central Sales Tax authority issued a demand notice dated June 26, 2009 for the financial year 2006-07 under the provisions of West Bengal Sales Tax Act, 1994 read with the Central Sales Tax Act, 1956, demanding an amounting of Rs. 18.50 million including interest, on account of TAL not possessing the statutory forms “C” and “E-1” which entitles it to a concessional rate of central sales tax. In addition, since it did not furnish the statutory forms, it was assessed to a central sales tax at a rate higher than what was claimed by it. TAL has preferred an appeal before the Joint Commissioner, Sales Tax against the assessment orders and the matter is currently pending.

3. *Civil Cases*

- a. Mr. Sanjay Jairam Sawant and others filed a claim (No. 14/2007) against TAL, before the Industrial Court of Maharashtra at Mumbai, on account of illegal termination of service and colorable exercise of employer’s right under the Industrial Disputes Act, 1947. It was alleged that since they had completed 240 days of service with the company, they were deemed to be permanent employees and therefore the company had a legal obligation to provide them with continued employment and hence claimed re-instatement in service with the same wages. TAL denied the allegations in its written submission (No. 14 of 2007). The matter is currently pending.

4. *FEMA*

- a. The Foreign Exchange Department, RBI, Mumbai, through a letter dated July 13, 2009 requisitioned TAL to approach the RBI for compounding under the Foreign Exchange Management Act, 1999, (“FEMA”) on account of delay in reporting of foreign inward remittances towards consideration for issue of shares aggregating to Rs. 388.00 million. TAL submitted an application dated August 18, 2009 for compounding of the contraventions of the Schedule I, Para 9 (1)(A) of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, in respect of the delay. Subsequently, pursuant to the application, we received the compounding order CA No. 719/2009 dated January 27, 2010 directing TAL to pay an amount of Rs. 25,000 as compounding fee which it duly complied with through a letter dated February 2, 2010.

5. *Legal Notices*

TAL has received notices from its creditors. The details in this regard are as follows:

- a. TAL received a notice dated November 4, 2009 from Shivani Multi-Utility Engineering Company, seeking to settle the outstanding amount of Rs. 1.00 million. The company has paid an amount of Rs. 0.50 million towards the claim. The matter is currently pending.
- b. TAL received a notice dated November 12, 2009 from Ramdip Ray Construction on account of non payment of an approximate sum of Rs. 0.60 million. The matter is currently pending.
- c. TAL received a notice dated November 5, 2009 from Shree Durga Enterprises on account of non payment of an approximate sum of Rs. 0.16 million. The company has paid an amount of Rs. 0.10 million towards the claim. The matter is currently pending.
- d. TAL received a notice dated October 10, 2009 from Pilania Road Carriers on account of non payment of an approximate sum of Rs. 0.86 million. The company has currently satisfied a part of the claim with the sum of Rs. 0.26 million. The matter is currently pending.
- e. TAL received a notice dated November 11, 2009 from Sudhir Construction on account of non payment of an approximate sum of Rs. 1.80 million. The matter is currently pending.
- f. TAL received a notice dated November 7, 2009 from N.G. Erectors on account of non payment of an approximate sum of Rs. 0.19 million. The matter is currently pending.
- g. TAL received a notice dated December 12, 2009 from Genuine Filters and Fabrics on account of non payment of dues. Subsequently it received another notice dated April 9, 2010 claiming for an unpaid amount of Rs. 1.79 million. The matter is currently pending.



#### **IV. Litigation against Group Companies**

##### **Fusion Fittings**

###### *1. Income Tax*

The Deputy Commissioner of Income Tax (“**DCIT**”), New Delhi assessed the business loss of our Group Company, Fusion Fittings., at Rs. 5.21 million against the returned loss of Rs. 8.02 million pursuant to order dated March 7, 2005 for the assessment year 2002-2003 under Section 143(3) of the IT Act. The additions were made on account of disallowance of depreciation, administrative expenses, prior period expenses and increase of interest on fixed deposits. Further, penalty proceedings under Section 271(1) (c) of the IT Act were also initiated against Fusion Fittings. Fusion Fittings filed an appeal against the said assessment order before the Commissioner of Income Tax (Appeals)-XIV, New Delhi who upheld the assessment order vide his order dated December 21, 2005. Aggrieved by the order of the Commissioner of Income Tax (Appeals)-XIV, New Delhi, Fusion Fittings has filed an appeal before the ITAT which is yet to come up for hearing. In the interim, penalty proceedings initiated by the DCIT under section 271(1) (c) of the IT Act have been kept in abeyance.

###### *2. Trade Tax*

Fusion Fittings had not charged trade tax amounting to Rs. 4.97 million on sales made from the unit located at C-28-C, Sector – 8, Noida, as in the opinion of the management, the Unit is covered under the scheme of Trade Tax exemption as defined under Section 4 (A) of the Uttar Pradesh Trade Tax Act, 2003. The Trade Tax exemption was denied to the company by the trade tax authorities. The company challenged the rejection of the exemption application by the Trade Tax authorities before the Trade Tax Tribunal which was allowed by the Tribunal pursuant to order No. 536 dated February 28, 2007. The Trade Tax Tribunal directed the Divisional Level Committee to issue the eligibility certificate to the company within three months of the receipt of the order. Even after the lapse of three months when the eligibility certificate was not issued to the company, the company filed a Revision Application No. 404 of 2009 before the High Court of Allahabad. Pursuant to the order of the High Court of Allahabad dated July 10, 2009, the Divisional Level Committee issued the eligibility certificate on August 6, 2009. Consequently, the Trade Tax Authorities initiated steps to re-assess the liability of the Company and the current proceedings may be dropped by the authorities.

###### *3. SEBI*

- a. Fusion Fittings through an application dated January 15, 2009 to SEBI filed a consent application on a voluntary basis for regulating all non compliances of Regulation 6 and Regulation 8 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Subsequently, the High Powered Advisory Committee of SEBI recommended the case for settlement and SEBI directed the company to pay settlement charges of the value of Rs. 0.28 million through a letter dated June 3, 2009. The company submitted a demand draft of the value of Rs. 0.28 million inclusive of administrative expenses on June 15, 2009. Consequently, SEBI issued a consent order No. 1217/236/2009 dated June 25, 2009 confirming the payment of the said amount and stating that it shall not take any enforcement action against the company for its non-compliances.

#### **V. Litigation by Group Companies**

##### **Tecpro Paints**

###### *1. Criminal Cases*

- a. Tecpro Paints filed three criminal complaints (No. 11124/01), (No. 11120/1) and (No. 11122A/1) dated May 6, 2009 against M/s Anand Paints, Delhi and others before the Chief Metropolitan Magistrate, New Delhi on account of dishonor of 3 cheques numbered 286016, 601045 and 601046 of the value of Rs. 0.50 million each. The matter is currently pending.



- b. Tecpro Paints filed three criminal complaints (No. 11126/1), (No. 11123/1) and (No. 11125/1) dated May 6, 2009 against M/s Anand Auto Paints, Delhi and others before the Chief Metropolitan Magistrate, New Delhi on account of dishonor of three cheques numbered 676776, 677368 and 677392 for a sum of Rs. 0.16 million, Rs. 0.32 million and Rs.0.05 million, respectively. The matter is currently pending.
- c. Tecpro Paints filed three criminal complaints (No. 301/1/2009), (No. 302/1/2009) and (No. 303/1/2009) all dated January 31, 2009 against M/s Maharashtra Enterprises, before the Chief Metropolitan Magistrate, New Delhi on account of dishonor of cheques numbered 423939, 423940 and 423938 amounting to Rs. 0.50 million each. The matter is currently pending.

## **Tecpro Energy Limited (“TEL”)**

### *1. Civil Cases*

- a. The Haryana Electricity Regulatory Commission (“**HERC**”) pursuant to its order dated May 15, 2007 fixed the tariff for biomass power producers at Rs. 4 per unit with an annual escalation at 2% for the financial year 2007-2008. Aggrieved by the above order, TEL and others filed a petition dated June 29, 2007, before the HERC on account of the fixation of tariff and seeking review of the same. The HERC provided a hearing to all opposing parties, pursuant to which, it passed an order dated October 3, 2007 disposing the review petition without further relief to the petitioners. Pursuant to the disposal of the petition, TEL and others filed an appeal (Appeal No. 113 of 2007) before the Appellate Tribunal for Electricity, New Delhi (“**ATE**”). Simultaneously, Uttar Haryana Bijli Vitran Nigam Limited (“**UHBVNL**”) filed an appeal before the ATE, New Delhi against the orders of HERC, as well. Subsequently, the ATE, New Delhi after hearing the parties, remanded back the matter to HERC by its order dated March 25, 2009 to decide the issues after giving both parties, TEL and UHBVNL an opportunity to be heard. The HERC by its order dated November 6, 2009 rejected the remanded petition. Consequently, the TEL and others filed an appeal dated December 21, 2009 with ATE, New Delhi, challenging the order dated November 6, 2009. The matter is currently pending.

## **VI. Amount Owed To Small Scale Undertakings/Creditors**

Our Company does not owe any amount to any micro, small and medium enterprises or other creditors which is outstanding for more than 30 days except in the ordinary course of business.





## GOVERNMENT AND OTHER APPROVALS

*We have received the necessary consents, licenses, permissions and approvals from the GoI and various governmental agencies required for our present business and except as disclosed in this Draft Red Herring Prospectus no further material approvals are required for carrying on our present business operations.*

*The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.*

### **I. Incorporation details of our Company**

- Certificate of incorporation dated November 7, 1990 issued to the Company by the Registrar of Companies, National Capital Territory of Delhi and Haryana; and
- Fresh certificate of incorporation dated July 10, 2006 issued to the Company by the Registrar of Companies, National Capital Territory of Delhi and Haryana upon change of name upon conversion to a public limited company.

### **II. Approvals in relation to the Offer**

#### *Corporate Approvals*

- Our Board of Directors has, pursuant to a resolution dated February 23, 2010, authorised the Offer, subject to the approval of our shareholders under Section 81(1A) of the Companies Act.
- Our shareholders have, pursuant to a resolution dated March 25, 2010 under Section 81(1A) of the Companies Act, authorised the Offer.
- Further, pursuant to the above, our Committee of Directors has, pursuant to resolution dated April 23, 2010, authorised our Company to take necessary action for filing the Draft Red Herring Prospectus with SEBI.

#### *Approvals from the Selling Shareholder*

- Metmin Investments Holdings Limited has, pursuant to its board resolution dated April 12, 2010, approved the disposal of 1,300,000 Equity Shares held by it, at the initial public offer.

#### *Application to the RBI*

Our Company has made an application dated April 16, 2010, to the RBI seeking its approval for the transfer of Equity Shares pursuant to the Offer for Sale and repatriation of proceeds under the Offer for Sale.

#### *In-principle approvals from BSE and NSE*

We have received in-principle approvals from the BSE and the NSE for listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

#### *Approvals from Lenders*

Pursuant to letters dated April 5, 2010, April 6, 2010, April 6, 2010, March 31, 2010, April 9, 2010, April 16, 2010, April 16, 2010 and April 9, 2010, IDBI Bank Limited, Punjab National Bank, DBS Bank Limited, Yes Bank Limited, Central Bank of India, State Bank of India, Kotak Mahindra Bank Limited and Standard Chartered Bank Limited, respectively, have given their consent to our Company to undertake the initial public offering.



## Approvals in relation to our Operations

### *Service Tax Registrations*

Description	Reference Number	Date of issue	Date of Expiry
Service Tax registration issued under the Finance Act, 1994, by the Superintendent Central excise Range- I, Phool Bagh, Bhiwadi	AABCT4355KST004	December 29, 2006	Valid until cancellation
Service Tax registration issued under the Finance Act, 1994, by the Assistant Commissioner of Service Tax, Gurgaon	AABCT4355KST005	November 11, 2008	Valid until cancellation
Service Tax registration issued under the Finance Act, 1994, by the Assistant Commissioner of Service Tax, Gurgaon	AABCT4355KST003	August 25, 2006	Valid until cancellation
Service Tax registration issued under the Finance Act, 1994, by the Superintendent Central excise Range- V, Alwar, Bhiwadi	AABCT4355KST006	June 26, 2009	Valid until cancellation

### *Professional Tax*

Description	Reference Number	Valid from	Date of Expiry
Certificate of enrolment issued under the Tamil Nadu Urban Local Bodies Tax on Professions, Trades, Callings Employment Rules, 1998, by the Commissioner, Adyar, Chennai	10-151-PE-0300	April 18, 2002	Valid until cancellation
Certificate of registration issued under the West Bengal State Tax on Professions, Trades, Callings and Employments Rules, 1979, by the Profession Tax Officer, Kolkata	RCS-1059955	February 5, 2002	Valid until cancellation
Certificate of enrolment issued under Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975, by the Profession Tax Officer, Mumbai	PT/E/1/1/28/18/3980	August 24, 2005	Valid until cancellation
Certificate of registration issued under the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976, by the Assistant Commercial Tax Officer, Gujarat	PR-2101000083	September 26, 2005	Valid until cancellation
Certificate of registration issued under the Andhra Pradesh State Tax on Professions, Trades,	Sec/03/01/PT/I-A/593/2005-06	July 16, 2007	Valid until cancellation





Description	Reference Number	Valid from	Date of Expiry
Callings and Employments Rules, 1987, by the deputy Commercial Tax Officer, Secunderabad			
Certificate of registration issued under the Karnataka Professional Tax, Act, 1976, by the Profession Tax Officer, Bangalore	PO3P 8317	January 1, 2007	Valid until cancellation

#### ***Importer Exporter Code Registration***

Description	Reference Number	Date of issue	Date of Expiry
Importer- Exporter Code issued by the Government of India, Foreign Trade Department, Ministry of Commerce	0501051503	December 24, 2001	Valid until cancellation

#### ***Central Sales Tax and VAT Registrations***

Description	Reference Number	Effective Date	Date of Expiry
Registration certificate issued under the Central Sales Tax (Registration and Turnover) Rules 1957, by the Notified Authority, Delhi	LC/057/07330247010/1201	December 28, 2001	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act 1956, by Commercial Tax Officer, Adyar-1	725865	February 14, 2002	Valid until cancellation
Registration certificate issued for registration as a dealer under the Tamil Nadu General Sales Tax Act 1959, by the Commercial Tax Officer, Adyar-1	0862215	February 15, 2002	Valid until cancellation
Registration certificate issued for registration as a dealer under the Chhattisgarh Commercial Tax Rules, 1994, by the Commercial Tax Officer, Raipur	1007301955	April 21, 2003	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act 1956, by Assessing Officer, Rewari	06312705842	November 5, 2004	Valid until cancellation
Registration certificate issued for registration as a dealer under the Haryana Value Added Tax Act, 2003, by the Assessing Authority, Rewari	06312705842	November 5, 2004	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax (Registration and Turnover) Rules 1957, by Assistant Commissioner of	21392004386	November 22, 2004	Valid until cancellation



Description	Reference Number	Effective Date	Date of Expiry
Sales Tax, Rourkela			
Registration certificate issued for registration as a dealer under the Orissa Value Added Tax Act, 2004, by the Sales Tax Officer, Rourkela	21392004386	November 22, 2004	Valid until cancellation
Registration certificate issued for registration as a dealer under the Gujarat Sales Tax Act, 1969, by the Gujarat Sales Tax Department	24210102460	July 28, 2005	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax (Registration and Turnover) Rules 1957, by the Sales Tax Officer, Mumbai	0049/C-2032	August 24, 2005	Valid until cancellation
Registration certificate issued for registration as a dealer under the Maharashtra Value Added Tax Act, 2002, by the Sales Tax Officer, Mumbai	400049/v/0076	August 24, 2005	Valid until cancellation
Registration certificate issued under Central Sales Tax (Registration and Turnover) Rules 1957 by Commissioner, Gujarat	24710102460	August 26, 2005	Valid until cancellation
Registration certificate issued for registration as a dealer under the Andhra Pradesh Value Added Tax Act, 2005, by the Andhra Pradesh Commercial Taxes Department, Secunderabad	28125723061	November 1, 2005	Valid until cancellation
Registration certificate as a dealer, by the Assessing Authority cum Excise and Taxation Officer, Haryana	06481928633	January 30, 2006	Valid until cancellation
Registration certificate issued for registration as a dealer under the Haryana Value Added Tax Act, 2003, by the Assessing Authority, Gurgaon	06481928633	January 30, 2006	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act 1956, by the Commercial Taxes Officer, Alwar	08790854106	November 3, 2006	Valid until cancellation
Registration certificate issued for registration as a dealer under the Rajasthan Value Added Tax Act, 2003, by the Commercial Tax Officer, Bhiwadi	08790854106	November 1, 2006	Valid until cancellation
Registration certificate issued for registration as a dealer under the Tamil Nadu Value Added Tax Act 2006, by the Commercial Tax	33640862215	January 1, 2007	Valid until cancellation



Description	Reference Number	Effective Date	Date of Expiry
Department, Chennai Registration certificate issued for registration as a dealer under the Uttar Pradesh VAT Act, 2007, by the Uttar Pradesh Commercial Taxes Department	09288700181	October 24, 2008	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax (Registration and Turnover) Rules 1957, by Assistant Commissioner, Anpara	09288700181	November 17, 2008	Valid until cancellation
Registration certificate issued for registration as a dealer under Jharkhand Value Added Tax Act, 2005 by the Jharkhand Commercial Taxes Department, Bokaro	20171406081	February 20, 2009	Valid until cancellation
Registration certificate issued for registration as a dealer under Jharkhand Value Added Tax Act, 2005 by the Jharkhand Commercial Taxes Department, Chirkunda	20342005316	January 31, 2009	Valid until cancellation

#### ***Excise Registration***

Description	Reference Number	Date of issue	Date of Expiry
Central Excise Registration by Assistant Commissioner of Central Excise Division, Rewari	AABCT4355KXM002	July 25, 2006	Valid until cancellation
Central Excise Registration by Assistant Commissioner of Central Excise Division, Bhiwadi	AABCT4355KXM003	November 24, 2006	Valid until cancellation
Central Excise Registration by Assistant Commissioner of Central Excise Division, Bhiwadi	AABCT4355KXM004	May 14, 2009	Valid until cancellation

#### **Miscellaneous Licences**

##### ***Permanent Account Number (PAN)***

Description	Reference Number	Date of issue	Date of Expiry
Permanent Account Number issued by the Income Tax Department	AABCT4355K	November 7, 1990	Valid until cancellation

##### ***Taxation Deduction Account Number (TAN)***

Description	Reference Number	Date of issue	Date of Expiry
Taxation Deduction Account Number issued by the Income Tax Department	DELT03519F	November 20, 2001	Valid until cancellation



***Registrations under the local Shops and Establishments Acts***

<b>Description</b>	<b>Reference No.</b>	<b>Date of Issue</b>	<b>Date of Expiry</b>
Registration certificate issued under Karnataka Shops and Commercial Establishments Act, 1961, by the Government of Karnataka- Department of Labour	57/0963/2007	January 5, 2007	December 31, 2011
Registration certificate issued under West Bengal Shops and Establishments Act, 1963, by the Office of the Registering Authority, West Bengal	KoL/Ali/P-II/41029	February 24, 2009	June 28, 2011
Registration certificate issued under Punjab Shops and Commercial Establishments Act, 1958, by the Labour Inspector, Circle- V, Gurgaon	GGN/LIV/2009/233	September 8, 2009	March 31, 2012
Registration certificate under Punjab Shops and Commercial Establishments Act, 1958, by the Labour Inspector, Circle- 7, Gurgaon	GGN/7/06/128	April 6, 2009	March 31, 2012
Registration certificate issued under Tamil Nadu Industrial Establishments (National and Festival Holidays) Rules, 1959 by the Assistant Inspector of Labour, Circle 18, Chennai	RDIS:540/2002	December 24, 2002	Valid until cancellation

***Employee Provident Fund and Employee State Insurance Registration***

<b>Description</b>	<b>Reference No.</b>	<b>Effective Date</b>	<b>Date of Expiry</b>
Registration certificate by Employees State Insurance Corporation, Faridabad	13/31034/67/60	December 1, 2000	Valid until cancellation
Registration certificate by the Assistant Provident Fund Commissioner, Jaipur	RJ/16509	September 7, 2001	Valid until cancellation
Registration certificate by the Assistant Regional Provident Fund Commissioner, Haryana	HR/GGN/27649	December 1, 2005	Valid until cancellation
Registration certificate by Employees State Insurance Corporation, Jaipur (for two divisions in Bhiwadi)	15/22010/65	December 7, 2006	Valid until cancellation
Registration certificate by the Assistant Provident Fund Commissioner, New Delhi	DL/25741	September 7, 2009	Valid until cancellation
Registration certificate by Employees State Insurance Corporation, Bhubaneswar, Orissa	44110424660010604	January 1, 2009	Valid until cancellation



### ***Contract Labour Licenses***

<b>Description</b>	<b>Reference Number</b>	<b>Effective Date/ commencement of Contract</b>	<b>Date of Expiry</b>
License issued for loading, unloading, horticulture, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Licensing Authority, Bhiwadi	ALW//29/2007/36	August 21, 2007	December 31, 2010
License issued for civil works, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Licensing Officer, Dhanbad	4063	March 25, 2010	February 11, 2011
License issued for storage at site assembly, erection, testing, commissioning in Visakhapatnam steel plant under the Contract Labour (Regulation and Abolition) Act, 1970, by the Joint Commissioner of Labour, Vishakapatnam	JCL/RINL/SP/CL/573/2010	February 24, 2010	July 31, 2010
License issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Licensing Officer, Porbandar	8/2008	May 20, 2009	May 20, 2010
License issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Licensing Officer, Gandhidham	2/5/2008	May 20, 2009	May 23, 2010
License issued for civil works, under the Building and Other Construction Workers (Regulations of Employment and Conditions of Service) Act, 1996, by the Registering Officer, Orissa	32/09	June 2, 2009	June 1, 2010
License issued for fabrication and erection in the establishment, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Assistant Labour Commissioner, Bangalore	132/2009-C3	June 3, 2009	June 2, 2010
License issued for fabrication and erection in the establishment, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Regional Labour Commissioner, Bellary	73/2009	June 12, 2009	June 11, 2010
Certificate of registration for employing contract labour for fabrication, erection and commissioning of belt conveyors at NCL Industries, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Assistant Labour Commissioner, Hyderabad	46/2009	July 11, 2009	July 10, 2010



Description	Reference Number	Effective Date/ commencement of Contract	Date of Expiry
License for civil works in Lanco Anpara, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Assistant Labour Commissioner, Mirzapur, Uttar Pradesh	14	August 27, 2009	August 21, 2010
Certificate of registration for employing contract labour for the establishment in Adyar, Chennai, issued under the Contract Labour (Regulation and Abolition) Act, 1970, issued by the Licensing Officer and Assistant Labour Commissioner, Chennai	L/291/2006	October 6, 2009	October 5, 2010
License issued for civil works, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Assistant Labour Commissioner, Gulbarga Division	ALCG/CLA/GD-/2009	December 23, 2009	December 22, 2010
License issued for the expansion of the liquid steel capacity, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Assistant Labour Commissioner, Hyderabad	131/2009	December 23, 2009	December 22, 2010
License issued under the Contract Labour (Regulation and Abolition) Act, 1970, by Regional Labour Commissioner, Rourkela	L/170/2008	January 21, 2010	December 19, 2010
Certificate of registration for employing contract labour for building construction and allied works, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Licensing Authority, Rajasthan	207/2008	February 16, 2010	December 31, 2010
License issued for civil works, under the Contract Labour (Regulation and Abolition) Act, 1970, by the Licensing Officer, Bokaro	1199/4094	February 28, 2010	April 30, 2010
License issued for civil works, under the Contract Labour (Regulation and Abolition) Act, 1970, by Office of the Licensing Officer cum District Labour Officer, Orissa	740/10	March 16, 2010	June 1, 2010

### ***Factory Licenses***

Description	Reference Number	Date of Renewal	Date of Expiry
Certificate of renewal of factory license issued by the Chief Inspector of Factories, Haryana	MOH/T-10/5401	July 16, 2007	December 31, 2011



Description	Reference Number	Date of Renewal	Date of Expiry
Renewal of registration and license to work a factory issued by the Chief Inspector of Factories and Boilers, Rajasthan	RJ/10897	December 26, 2008	March 31, 2013
Renewal of registration and license to work a factory issued by the Chief Inspector of Factories and Boilers, Rajasthan	RJ/28936	August 27, 2009	March 31, 2013

#### ***Pollution and Fire Safety License***


Description	Reference Number	Date of issue	Date of Expiry
Consent to operate under the Air (Prevention and Control of Pollution) Act-1981, issued by the Haryana State Pollution Control Board	HSPCB/Air Consent/429	April 1, 2006	March 31, 2011
Consent to operate under Water (Prevention and Control of Pollution) Act-1974, issued by the Haryana State Pollution Control Board	HSPCB/Water Consent/427	April 1, 2006	March 31, 2011
NOC issued by the Haryana Fire Services, Rewari	FSR/201/09	June 11, 2009	June 10, 2010
Consent to operate under the Air (Prevention and Control of Pollution) Act-1981, issued by the Rajasthan State Pollution Control Board, Bhiwadi	F(Tech)/Alwar(Tijara)/126(1)/2009-2010/7-9/2806	February 22, 2010	November 30, 2013
Fire and rescue services license issued under the Tamil Nadu Fire Service Act, 1985, for the SIPCOT IT Park, Siruseri Village, Chennai	97/2010	March 2, 2010	March 1, 2011

#### ***Pending Applications***

- Application dated April 16, 2009 to the RSPCB, Bhiwadi, for consent to establish industrial plant, under the Water Act.
- Application dated April 16, 2009 to the RSPCB, Bhiwadi, for consent to establish industrial plant, under the Air Act.
- Application dated April 19, 2010 to Tamil Nadu Pollution Control Board, for consent to operate, under the Water Act and Air Act.

#### ***Intellectual Property Registrations***

##### ***Pending Applications***

- We have made an application for registration of our name and logo “” under the Trade Marks Act, 1999 on July 1, 2006 which is currently pending. The Office of the Trademark Registry has published the mark in their journal for public notification on May 16, 2009 and until date we are not aware of any objections to such notification.
- Application (No. 01927034) dated February 24, 2010 to the Trade Mark Registry for the mark “**TECPRO**” under class 7, class 37 and class 42 under the Trade Mark Rules, 2002

*Pursuant to the scheme of amalgamation and with effect from the appointed date, the whole undertakings of TAL and TPSL including, among other things, assets, estates, rights, title, interest, authorities acquired, debts, liabilities, duties and obligations were transferred to our Company. For further details on the scheme of amalgamation see, “History and Certain Corporate Matters” on page 95. We are in the process of applying for the transfer of the approvals for both, TPSL and TAL in the name of our Company. Below are the list of approvals for TPSL and TAL.*

#### **Tecpro Power Systems Limited (“TPSL”)**

##### **Approvals in relation to TPSL’s Operations**



### ***Central Sales Tax and VAT Registrations***

<b>Description</b>	<b>TIN</b>	<b>Effective Date</b>	<b>Date of Expiry</b>
Registration certificate for dealers liable to pay value added tax, under the Orissa Value Added Tax Act, 2004, issued by the Assistant Commissioner of Sales Tax, Rourkela	21422007425	November 14, 2007	Valid until cancellation
Registration certificate for dealers, under the Orissa Entry Tax Act, 1999, issued by the Assistant Commissioner of Sales Tax, Rourkela	21422007425	November 23, 1007	Valid until cancellation
Registered as a dealer under the Central Sales Tax Act 1956, by Assistant Commissioner of Sales Tax, Rourkela	21422007425	November 26, 2007	Valid until cancellation
Registration certificate for dealers liable to pay value added tax under the Tamil Nadu Value Added Tax Act, 2006, issued by the Commercial Tax Officer, Chennai	33350863296	March 20, 2007	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act 1956, by Commercial Tax Officer, Chennai	CST/891701/20.03.2007	March 20, 2007	Valid until cancellation

### ***Service Tax Registrations***

<b>Description</b>	<b>Registration No.</b>	<b>Effective Date</b>	<b>Date of Expiry</b>
Service Tax registration issued under the Finance Act, 1994, by the Superintendent Service Tax Range- I, Gurgaon	AACCT3756HST001	September 11, 2007	Valid until cancellation

### ***Employee Provident Fund Registration***

<b>Description</b>	<b>Reference No.</b>	<b>Effective Date</b>	<b>Date of Expiry</b>
Registration certificate by the Assistant Provident Fund Commissioner, Chennai	TN/52762	October 21, 2005	Valid until cancellation

### **Tecpro Ashtech Limited (“TAL”)**

#### **Approvals in relation to TAL’s Operations**

#### ***Service Tax Registration***

<b>Description</b>	<b>Reference Number</b>	<b>Date of issue</b>	<b>Date of Expiry</b>
Service Tax registration issued under the Finance Act, 1994, by the Office of the Assistant Commissioner of Central Excise Service Tax Cell, Pune, Maharashtra	AAACM7869AST002	December 31, 2008	Valid until cancellation





### ***Professional Tax Registration***

<b>Description</b>	<b>Reference Number</b>	<b>Valid from</b>	<b>Date of Expiry</b>
Certificate of enrolment issued under the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975, by the Assistant Commissioner Sales Tax, Pune, Maharashtra	PT/E/2/2/7/18/1872	April 1, 2004	Valid until cancellation
Certificate of registration issued under the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975, by the Profession Tax Officer, Pune, Maharashtra	PT/R/2/2/7/10819	April 2, 2004	Valid until cancellation

### ***Central Sales Tax and VAT Registrations***

<b>Description</b>	<b>Reference Number</b>	<b>Effective Date</b>	<b>Date of Expiry</b>
Registration certificate issued for registration as a dealer under the Orissa Sales Tax Act, 1947, by the Sales Tax Officer, Dhenkanal Circle, Angul	DL-4823	May 20, 2002	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act, 1956, by the Notified Authority, West Bengal	19432185280	April 1, 2003	Valid until cancellation
Registration certificate issued for registration as a dealer under the West Bengal Value Added Tax Act, 2003, by the Commissioner Commercial Taxes, West Bengal	19432185086	April 1, 2003	Valid until cancellation
Registration certificate issued for registration as a dealer under the West Bengal Sales Tax Act, 1994, by the Commissioner Commercial Taxes, West Bengal	19432185183	April 1, 2003	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax (Registration and Turnover) Rules, 1957, by the Sales Tax Officer, Dhenkanal Circle, Angul	DLC 2108	April 23, 2003	Valid until cancellation
Registration certificate issued for registration as a dealer under the Chhattisgarh Commercial Tax Act, 1994, by the Commercial Tax Officer, Bilaspur	22524203288	November 22, 2005	Valid until cancellation
Registration certificate	22524203288	November 22, 2005	Valid until cancellation



Description	Reference Number	Effective Date	Date of Expiry
issued for registration as a dealer under the Central Sales Tax Act, 1956, by the Commercial Tax Officer, Bilaspur			
Registration certificate issued for registration as a dealer under the Central Sales Tax (Registration and Turnover) Rules, 1957, by the Sales Tax Officer, Pune, Maharashtra	27440336684C	April 1, 2006	Valid until cancellation
Registration certificate issued for registration as a dealer under the Maharashtra Value Added Tax Act, 2002, by the Sales Tax Officer, Pune, Maharashtra	27440336684V	April 1, 2006	Valid until cancellation
Registration certificate issued for registration as a dealer under the Rajasthan Value Added Tax Act, 2003, by the Assistant Commissioner, Bikaner, Rajasthan	08311307651	August 2, 2006	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act, 1956 by the Assistant Commissioner, Bikaner, Rajasthan	08311307651C	January 4, 2007	Valid until cancellation
Registration certificate issued under the Central Sales Tax (Registration and Turnover) Rules, 1957, by the Notified Authority, Delhi	07960324506	March 1, 2007	Valid until cancellation
Registration certificate issued for registration as a dealer under the Bihar Value Added Tax Ordinance, 2005, by the Sales Tax Officer, Patna, Bihar	10050416090	April 10, 2007	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act, 1956, by the Sales Tax Officer, Patna, Bihar	10050416187	April 10, 2007	Valid until cancellation
Registration certificate issued for registration as a dealer under the Bihar Tax on entry of Goods into Local Areas for Consumption, Use or Sale therein, Ordinance, 1993, by the Sales Tax Officer, Patna, Bihar	10050416284	April 10, 2007	Valid until cancellation
Registration certificate issued for registration as a dealer under the Karnataka Value Added Tax Act, 2003, by the Notified Authority, Raichur	29520812392	August 20, 2008	Valid until cancellation
Registration certificate	29520812392	August 20, 2008	Valid until cancellation



Description	Reference Number	Effective Date	Date of Expiry
issued for registration as a dealer under the Central Sales Tax Act, 1956, by the Notified Authority, Raichur			
Registration certificate issued for registration as a dealer under the Central Sales Tax (Registration and Turnover) Rules, 1957, by the Andhra Pradesh Commercial Taxes Department, Hyderabad	28646820631	September 1, 2008	Valid until cancellation
Registration certificate issued for registration as a dealer under the Andhra Pradesh Value Added Tax Act, 2005, by the Andhra Pradesh Commercial Taxes Department, Hyderabad	28646820631	September 1, 2008	Valid until cancellation
Registration certificate issued for registration as a dealer under the Uttar Pradesh Value Sales Tax Act, 2007, by the Registering Authority, Lucknow	09650009263	September 5, 2008	Valid until cancellation
Registration certificate issued for registration as a dealer under the Central Sales Tax Act, 1956, by the Assistant Commissioner, Adyar, Chennai	985179	May 4, 2009	Valid until cancellation

### ***Excise Registration***

Description	Reference Number	Date of issue	Date of Expiry
Central Excise Registration by Assistant Commissioner of Central Excise Division, Bhiwadi, Rajasthan	AAACM7869AXM003	June 5, 2008	Valid until cancellation

### **Miscellaneous Licences**

#### ***Registrations under the local Shops and Establishments Acts***

Description	Reference No.	Date of Issue	Date of Expiry
Registration certificate issued under Mumbai Shops and Establishments Act, 1948, by the Department of Labour, Government of Maharashtra	Pimpri/II/11548	January 24, 2006	January 24, 2011
Registration certificate issued under West Bengal Shops and Establishments Act, 1963, by the Office of the Registering Authority, West Bengal	K01/Tolly/P-II/4394	September 1, 2008	September 1, 2011

#### ***Employee Provident Fund and Employee State Insurance Registration***

Description	Reference No.	Effective Date	Date of Expiry
Registration certificate issued by the Assistant	PF/MH/4067/EXMP.	March 22, 1995	Valid until cancellation



Description	Reference No.	Effective Date	Date of Expiry
Regional Provident Fund Commissioner, Sewree			
Registration certificate issued by Employees State Insurance Corporation, Pune, Maharashtra	33-12969-67	January 11, 2005	Valid until cancellation
Registration certificate issued by Employees State Insurance Corporation, Bhiwadi	15/23859/56	July 24, 2008	Valid until cancellation
Registration certificate issued by Regional Provident Fund Commissioner, Bhiwadi	RJ/19670	August 6, 2008	Valid until cancellation

#### ***Contract Labour Licenses***

Description	Reference Number	Effective Date/ commencement of Contract	Date of Expiry
Certificate of registration for employing contract labour for the establishment in Angul, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Orissa	510/02	December 17, 2002	December 16, 2010
Certificate of registration for employing contract labour for the establishment in Akola, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Maharashtra	20/2006	June 3, 2006	December 31, 2010
Certificate of registration for employing contract labour for the establishment in Bilaspur, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Chhattisgarh	1115/CLA/C/20/BSP/2006	September 19, 2006	December 31, 2010
Certificate of registration for employing contract labour for the establishment in Begusarai, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Bihar	1111BTPS	April 24, 2007	June 26, 2010
Certificate of registration for employing contract labour for the establishment in Badarpur, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Delhi	ALC-HQ/46 (104)/2007	October 19, 2007	October 18, 2010
Certificate of registration for employing contract labour for the establishment in Chelpur, issued under the Contract Labour (Regulation	E-1237	January 17, 2009	January 4, 2011



Description	Reference Number	Effective Date/ commencement of Contract	Date of Expiry
and Abolition) Act, 1970, by the Office of the Labour Commissioner, Andhra Pradesh			
Certificate of registration for employing contract labour for the establishment in Aligarh, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Uttar Pradesh	-	May 22, 2009	May 21, 2010
Certificate of registration for employing contract labour for the establishment in Bikaner, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Rajasthan	JP/L/73/2009	July 20, 2009	July 19, 2010
Certificate of registration for employing contract labour for the establishment in Bhiwadi, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Rajasthan	ALW/19/2009/37	September 9, 2009	December 31, 2010
Certificate of registration for employing contract labour for the establishment in Bellary, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Karnataka	DCN-633/2009-2010	December 9, 2009	December 8, 2010
Certificate of registration for employing contract labour for the establishment in Nagpur, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Labour Commissioner, Nagpur	304/D-3/2010	January 6, 2010	December 31, 2010
Certificate of registration for employing contract labour for the establishment in Mechada, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Licensing Officer, West Bengal	05/Con/L/10	January 12, 2010	December 31, 2010
Certificate of registration for employing contract labour for the establishment in Deepnagar, Maharashtra, issued under the Contract Labour (Regulation and Abolition) Act, 1970, by the Office of the Assistant Labour Commissioner, Jalgaon, Maharashtra	ACL/JL/05/2010	January 16, 2010	December 31, 2010

***Pending Applications***

- Application dated April 17, 2010 to the Office of the Licensing Officer and Joint Commissioner of Labour, for renewal of labour license for the establishment in Ibrahimpatnam, Andhra Pradesh.

***Factory License***

Description	Reference Number	Date of Renewal	Date of Expiry
Certificate of renewal of factory License issued by the Chief Inspector of Factories, Bhiwadi	RJ 28520	September 2, 2008	March 31, 2011

***Pollution Control License***

Description	Reference Number	Date of issue	Date of Expiry
Consent to operate under the Air (Prevention and Control of Pollution) Act- 1981, and under the Water (Prevention and Control of Pollution) Act- 1974, issued by the Rajasthan State Pollution Control Board	RPCB/RO/BWD/OTR-945/2062	November 12, 2008	September 30, 2011



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

#### *Corporate Approvals*

- Our Board of Directors has, pursuant to its resolution dated February 23, 2010, authorised the Offer, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
- Our shareholders have, pursuant to a resolution dated March 25, 2010, under Section 81(1A) of the Companies Act, authorised the Offer.
- Further, our Committee of Directors has, pursuant to resolution dated April 23, 2010, authorised our Company to take necessary action for filing of this Draft Red Herring Prospectus with SEBI.

#### *Approval from the Selling Shareholder*

- Metmin Investments Holdings Limited has, pursuant to its board resolution dated April 12, 2010, approved the disposal of 1,300,000 Equity Shares held by it, at the initial public offer.

#### *Application to the RBI*

Our Company has made an application dated April 16, 2010, to the RBI seeking its approval for the transfer of Equity Shares pursuant to the Offer for Sale and repatriation of proceeds under the Offer for Sale.

### Prohibition by SEBI, RBI or governmental authorities

Our Company, Promoters, Promoter Group, Directors, Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters, Directors was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Except Mr. Subrata Kumar Mitra, who is on the board of Mangal Keshav Securities Limited, none of our Directors are in any manner associated with the securities market and there has been no action taken by the SEBI against the Directors or any entity our Directors are involved in as promoters or directors.

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been detained as willful defaulters by the RBI or any other government authorities. Except by Fusion Fittings, there are no violations of securities laws committed by any of them in the past or pending against them. For further details, see “*Risk Factors*” and “*Our Promoters and Group Companies*” on pages xi and 126, respectively.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 26 (1) of the SEBI ICDR Regulations as described below:

- (a) Our Company has net tangible assets of at least Rs. 30.00 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- (b) Our Company has a track record of distributable profits in terms of section 205 of the Companies Act for at least three of the immediately preceding five years;
- (c) Our Company has a net worth of at least Rs. 10.00 million in each of the three preceding full years (of 12 months each);
- (d) The aggregate of the proposed Offer and all previous issues made in the same financial year in terms of Offer size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding financial year; and
- (e) Our Company has not changed its name within the last one year.



The net profit, net worth, net tangible assets and monetary assets derived from the audited financial statements, as at and for the last five financial years ended March 31, 2005, March 31, 2006, March 31, 2007, March 31, 2008 and March 31, 2009 is set forth below:

<i>(Rs. in million)</i>					
<b>Particulars</b>	<b>March 31, 2009</b>	<b>March 31, 2008</b>	<b>March 31, 2007</b>	<b>March 31, 2006</b>	<b>March 31, 2005</b>
Net tangible assets	1,596.94	1,011.42	507.82	262.68	39.93
Monetary assets	13.16	17.80	29.35	19.39	31.77
Monetary assets as a percentage of the net tangible assets	1.00	2.00	6.00	7.00	80.00
Net profit	506.87	411.46	210.82	91.09	27.65
Net worth	1,600.98	1,016.13	508.61	119.88	39.74

Notes:

- (1) Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), investments (including investment in subsidiary), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities), less secured and unsecured loans, net of provisions for diminution in value.
- (2) Monetary assets include cash on hand and bank (excluding fixed deposits held as margin money against various guarantee issued by the bank on behalf of the Company and are not available for use by the Company and fixed deposits pledged as security against overdraft facility availed from the banks and not available for use by the Company) and quoted investments including units in open ended mutual fund schemes at cost. Other assets (other than those stated above) have not been considered as monetary assets.
- (3) Net worth has been defined as the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

Hence, we are eligible for the Offer under Regulation 26 (1) of the SEBI ICDR Regulations. Further, the Offer is subject to the fulfilment of the following conditions as required by Rule 19(2)(b) SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm allotments and promoters contribution) are offered to the public;
- The Offer size, which is the Offer Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000.00 million; and
- The Offer is made through the Book Building Process with 60% of the Offer size being allocated to QIBs as specified by the SEBI.

Further, in accordance with regulation 26(4) of the SEBI ICDR Regulations, we shall ensure that the number of Allottees, *i.e.* persons to whom the Equity Shares will be allotted under the Offer shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days after our Company and the Selling Shareholder become liable to repay it (*i.e.*, from the date of refusal or within 10 days from the date of Bid/Offer Closing Date, whichever is earlier), then our Company shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% *per annum* on application money, as prescribed under Section 73 of the Companies Act.

All expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.

#### **Compliance with Part A of Schedule VIII of the SEBI ICDR Regulations**

The Company is in compliance with the provisions specified in Part A of Schedule VIII of the SEBI ICDR Regulations. No exemption from eligibility norms has been sought under regulation 109 of the SEBI ICDR Regulations, with respect to the Offer. Further, our Company has not been formed by the conversion of a partnership firm into a company.





#### **Disclaimer Clause**

**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 SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING SBI CAPITAL MARKETS LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING. AS THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, SBI CAPITAL MARKETS LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED APRIL 28, 2010 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY;**

**WE CONFIRM THAT:**

- 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 CONNECTED WITH THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE 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 INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE SEBI (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 TILL DATE SUCH REGISTRATION IS VALID;**



4. WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS;
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE 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 SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS;
7. WE UNDERTAKE SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE - NOT APPLICABLE;
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION;
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE;
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE AS THE OFFER SIZE IS MORE THAN Rs. 100 MILLION, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.
11. WE CERTIFY THAT ALL 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 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 OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

**The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs and any irregularities or lapses in the Draft Red Herring Prospectus.**

**Caution - Disclaimer from our Company, the Selling Shareholder and the BRLMs**

Our Company, the Selling Shareholder, our Directors 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 instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.tecprosystems.com](http://www.tecprosystems.com) would be doing so at his or her own risk. The Selling Shareholder, its directors, affiliates, associates and their respective directors and officers accept no responsibility for any statements made other than those made in relation to the Equity Shares offered through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the agreement entered into among the BRLMs, the Selling Shareholder and the Company dated April 24, 2010, and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and us.

All information shall be made available by us, the Selling Shareholder and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres, etc.

Our Company, the Selling Shareholder, the BRLMs shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, 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 and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. The Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates



and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

#### **Disclaimer in Respect of Jurisdiction**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted non residents including Eligible NRIs, FIIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.**

**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.**

#### **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 the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

#### **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 the BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

#### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Corporation Finance Department, Securities and Exchange Board of India, SEBI Bhawan, C – 4A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC situated at the address mentioned below.

**The Registrar of Companies**

National Capital Territory of Delhi and Haryana  
4<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi 110 019, India  
Tel: (+91 11) 2623 5704  
Fax: (+91 11) 2623 5702

**Listing**

Applications will be made to the Stock Exchanges for permission for listing of our Equity Shares being offered and sold in the Offer. BSE is the Designated Stock Exchange with which the Basis of Allotment will be finalised for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company and the Selling Shareholder shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company and the Selling Shareholder become liable to repay it (*i.e.*, from the date of refusal or within 10 days from the date of Bid/Offer Closing Date, whichever is earlier), then our Company shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% *per annum* on application money, as prescribed under Section 73 of the Companies Act.

All expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within twelve working days of the Bid/Offer Closing Date.

**IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,*

*shall be punishable with imprisonment for a term which may extend to five years.”*

**Consents**

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the IPO Grading Agency, the Legal Advisors, the Bankers to the Offer; and (b) the BRLMs, the Syndicate Member(s) and the Registrar to the Offer to act in their respective capacities, will be obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s B S R & Co., Chartered Accountants, our Auditors have given their written consent to the inclusion of their audit reports in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report would not be withdrawn up to the time of delivery of the Draft Red Herring Prospectus.

M/s More & More, Chartered Accountants, the auditors of Tecpro Ashtech Limited have given their written consent to the inclusion of their audit report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report would not be withdrawn up to the time of delivery of the Draft Red Herring Prospectus.



M/s R.G. Luthra & Co., Chartered Accountants, have given their written consent to the inclusion of their Statement of Tax Benefits in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report would not be withdrawn up to the time of delivery of the Draft Red Herring Prospectus.

### Expert Opinion

Except for the report of [●] in respect of the IPO Grading of this Offer (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 the audit reports of the Auditors of our Company on the restated financial information, More & More, Chartered Accountants, the auditors of TAL on the restated financial information of TAL and for 'The Statement of Tax Benefits' of R.G. Luthra & Co., the tax advisors to our Company, included in this Draft Red Herring Prospectus, our Company has not obtained any expert opinions.

### Offer Expenses

The expenses for this Offer include lead management fees, underwriting and selling commission, registrar's fees, advertisement and marketing expenses, printing and distribution expenses, IPO Grading expenses, legal fees, SEBI filing fees, bidding software expenses, depository charges and listing fees to the Stock Exchanges.

The details of the estimated Offer expenses are set forth below.

S. No.	Activity Expense	Amount (Rs. million)	Percentage of Total Estimated Offer Expenditure	Percentage of Offer Size
1.	Fees of the Book Running Lead Managers *	[●]	[●]	[●]
2.	Underwriting and selling commission*(including commission to SCSBs for ASBA Applications) *	[●]	[●]	[●]
3.	Fees to Registrar to the Offer*	[●]	[●]	[●]
4.	Fees to the Legal Advisors*	[●]	[●]	[●]
5.	Fees to the Bankers to the Offer*	[●]	[●]	[●]
6.	Other Expenses (Filing and listing fees, printing and stationery, distribution and postage, advertisement and marketing expense etc.) *	[●]	[●]	[●]
<b>Total Estimated Offer Expenses</b>		[●]	[●]	[●]

*\*Will be incorporated at the time of filing of the Prospectus.*

Other than listing fees, which will be paid by us, all expenses with respect to the Offer will be shared between the Selling Shareholder and us in proportion to the Equity Shares contributed to the Offer.

### Fees Payable to the BRLMs and Syndicate Member(s)

The fees payable to the BRLMs and Syndicate Member(s) (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letter with the BRLMs, issued by our Company and the Selling Shareholder, a copy of which is available for inspection at our Registered Office.

### Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer including fees for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register, etc. will be as per the agreement dated April 23, 2010, signed among our Company, the Selling Shareholder and the Registrar to the Offer, a copy of which is available for inspection at our Registered Office.

The Registrar to the Offer 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 Offer to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.



**Particulars regarding Public or Rights Issues during the last five years**

There have been no public or rights issue by our Company during the last five years.

**Issues otherwise than for Cash**

Except as stated in “*Capital Structure*” on page 30, we have not issued any Equity Shares for consideration otherwise than for cash.

**Capital Issues in the last three years**

Our Company and our Group Companies have not made any capital issues during the last three years.

**Commission and Brokerage paid on Previous Issues of our Equity Shares**

There has not been any previous public issue of our Equity Shares.

**Promise vs. Performance – Last Three Issues**

There has not been any previous public issue of our Equity Shares.

**Promise vs. Performance – Last Issue of 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 Red Herring Prospectus.

**Outstanding Debentures or Bonds**

Our Company does not have any outstanding debentures or bonds.

**Outstanding Preference Shares**

There are no outstanding preference shares issued by our Company.

**Partly Paid-Up Shares**

There are no partly paid-up Equity Shares of our Company.

**Stock Market Data of our Equity Shares**

The Equity Shares are not listed on any stock exchange and thus there is no stock market data for the same.

**Mechanism for Redressal of Investor Grievances by our Company**

The agreement between the Registrar to the Offer, the Selling Shareholder and us, provides for retention of records with the Registrar to the Offer for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.



### **Disposal of Investor Grievances by our Company**

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We and the Selling Shareholder have appointed Mr. Pankaj Tandon, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems.

He can be contacted at the following address:

*Company Secretary and Compliance Officer*

***Mr. Pankaj Tandon***

202-204, Pacific Square

Sector-15, Part-II

Gurgaon-122 001, Haryana, India

Tel: (+91 124) 4343 257

Fax: (+91 124) 4343 243

Email: investors@tecprosystems.com

### **Mechanism for Redressal of Investor Grievances by Companies under the Same Management**

We do not have any other listed company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act. For details regarding mechanism for redressal of investor grievance, see “***Our Promoters and Group Companies***” on page 126.

### **Changes in Auditors**

There has been no change in our statutory auditors in the last three years.

### **Capitalisation of reserves or profits**

Except as stated in “***Capital Structure***” on page 30, we have not capitalised our reserves or profits at any time during last five years.

### **Revaluation of assets**

There has been no revaluation of assets of our Company since its incorporation.





## SECTION VII – OFFER RELATED INFORMATION OFFER STRUCTURE

The present Offer of 7,550,000 Equity Shares consists of a Fresh Issue of 6,250,000 Equity Shares and an Offer for Sale of 1,300,000 Equity Shares at a price of Rs. [●] for cash aggregating Rs. [●] is being made through the Book Building Process. The Offer comprises a Net Offer of 7,350,000 Equity Shares and a reservation for Eligible Employees of 200,000 Equity Shares.

In the event of over-subscription, allocation shall be made on a proportionate basis. In case of under-subscription in the Offer, 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.

	Eligible Employees	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares* *	200,000 Equity Shares	At least 4,410,000 Equity Shares available for allocation or Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders	Not less than 735,000 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 2,205,000 Equity Shares available for allocation or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/allocation***	Up to 2.65% of the Offer.  The Employee Reservation Portion comprises of 0.40% of the post-Offer capital of the Company.	At least 60% of the Net Offer shall be allocated to QIBs. However, not less than 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only.	Not less than 10% of the Net Offer available for allocation or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of the Net Offer available for allocation or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate.	Proportionate as follows: (a) [●] Equity Shares shall be allocated 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	[●] Equity Shares, adjusted based on Offer Price net of Employee Discount as applicable	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the maximum	Such number of Equity Shares not exceeding the Net Offer, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Offer subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.



	Eligible Employees	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
	Bid by each Eligible Employee in this portion does not exceed Rs. 100,000.#			
Mode of Allotment	Compulsorily in dematerialized form.	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	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter	[●] Equity Shares and in multiples of one Equity Share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply ****	Eligible Employees	Public financial institutions as specified in Section 4A of the Companies Act, FII's and their sub-accounts registered with SEBI, other than sub-accounts who are foreign corporates or foreign individuals, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, FVCIs registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, the	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts and sub-accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals	Individuals (including HUFs, Eligible NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.



Eligible Employees	QIBs*	Non-Institutional Bidders	Retail Individual Bidders
	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 army, navy or air force of the Union of India.		
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.		

\* Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Offer Price in accordance with the SEBI ICDR Regulations. At least one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Price. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of (i) two Anchor Investors, where allocation in the Anchor Investor Portion is up to Rs. 2,500 million and (ii) five, where the allocation under the Anchor Investor Portion is more than Rs. 2,500 million. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million.

\*\* In terms of Rule 19 (2) (b) of the SCRR, this is an Offer for less than 25% of the post-Offer capital, therefore, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Net Offer shall be Allotted to QIBs on a proportionate basis. Provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Offer Price on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds on a proportionate basis. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion (excluding the Anchor Investor Portion) and allocated proportionately to the QIB Bidders. If at least 60% of the Net Offer cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively subject to valid Bids being received at or above the Offer Price.

\*\*\* Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, spill-over to the extent of under-subscription shall be permitted from the reserved category to the Net Offer to the public. If at least 60% of the Net Offer cannot be allotted to QIBs, then the entire application money will be refunded. In the event the aggregate demand in the QIB Portion has been met, under subscription in any other category, if any, would be allowed to be met with spill-over from other categories or combination of categories at the discretion of our Company in consultation with the BRLMs, the BRLM and the Designated Stock Exchange.

\*\*\*\* If the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

# Employee Discount will be applicable to all Eligible Employees bidding in the Employee Reservation Portion.

## Withdrawal of the Offer

The Company and/or the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Offer anytime after the Bid/Offer Opening Date but before the Allotment of Equity Shares. In such an event, a public notice would be issued in the newspapers, in which the pre-Offer advertisements were published, within two days, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. The Company shall also inform the same to Stock Exchanges on which the Equity Shares are proposed to be listed. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

In the event our Company and/or the Selling Shareholder in consultation with the BRLMs, withdraws the Offer after the Bid/Offer Closing Date, a fresh offer document will be filed with the SEBI in the event we subsequently decide to proceed with the initial public offering.



## Letters of Allotment or Refund Orders

Our Company and the Selling Shareholder shall give credit of Equity Shares allotted, if any, to the beneficiary account with Depository Participants within two working days from the date of Allotment. Our Company shall ensure despatch 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 or Direct Credit, National Electronic Fund Transfer (“NEFT”), Real Time Gross Settlement (“RTGS”) or National Electronic Clearing Service (“NECS”) at the sole or First Bidder’s sole risk within 10 days of the Bid/Offer Closing Date.

## Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI ICDR Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within 11 days from the Bid/Offer Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 10 days from the Bid/Offer Closing Date; and
- Our Company and the Selling Shareholder shall pay interest at 15% per annum if allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been issued to the clearing system in the disclosed manner within eight days from the day the Company becomes liable to repay (i.e. 10 days after the Bid/Offer Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company and the Selling Shareholder become liable to repay, the Company, the Selling Shareholder and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

All expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.

We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Offer.

Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

## Bid/Offer Period

<b>BID/OFFER OPENS ON</b>	<input type="checkbox"/>
<b>BID/OFFER CLOSES ON</b>	<input type="checkbox"/>

*\*The Anchor Investor Bidding Date shall be one working day prior to the Bid/Offer Opening Date.*

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 Bid/Offer Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form, or in case of Bids submitted through ASBA, the Designated Branches, except that on the Bid/Offer Closing Date, Bids shall be accepted only during 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, and (ii) until 5.00 p.m. in case of Bids by Retail Individual Bidders and Eligible Employees, where the Bid Amount is up to Rs. 1,00,000 which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges within half an hour of such closure. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Offer. If such Bids are not uploaded, the Company, the Selling Shareholder, BRLMs and the Syndicate Member(s) shall not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holiday).



In case of any discrepancy in the data entered in the electronic book *vis-a-vis* data entered in the physical Bid form, or for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-a-vis* the data contained in the physical or electronic ASBA Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Offer shall ask the relevant SCSB for the rectified data.

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

Our Company and the Selling Shareholder reserve the right to revise the Price Band during the Bid/Offer Period in accordance with SEBI ICDR Regulations. The Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move upward or downward to the extent of 20% of the Floor Price as disclosed at least two working days prior to the Bid/Offer Opening Date and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional Business Days after revision of Price Band subject to the Bid/Offer Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Offer 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 members of the Syndicate.**



## TERMS OF THE OFFER

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable.

### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment.

The Selling Shareholder will bear the expenses relating to the Offer for Sale in proportion to the Equity Shares contributed to the Offer.

### Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, the SEBI ICDR Regulations and the provision of the Listing Agreements.

### Face Value and Offer Price

The face value of Equity Shares is Rs. 10 each and the Offer Price is Rs. [●]. The Anchor Investor Offer Price is Rs. [●]. At any given point of time there shall be only one denomination for the Equity Shares.

### Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements with the Stock Exchanges and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “**Main Provisions of Articles of Association of the Company**” on page 465.

### Market Lot and Trading Lot

In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Offer will be done only in electronic form in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares.



## **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 the Investor**

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either to:

- a. register himself or herself as the holder of the Equity Shares; or
- b. make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

## **Application by Eligible NRIs, FIIs registered with the SEBI and FVCIs registered with the SEBI**

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with the SEBI or FVCIs registered with the SEBI.

As per RBI regulations, OCBs cannot participate in the Offer.

## **Bid/Offer Period**

Bidders may submit their Bids only in the Bid/Offer Period. The Bid/Offer Opening Date is [●] and the Bid/Offer Closing Date is [●]. Provided that Anchor Investors are required to submit their Bid on the Anchor Investor Bidding Date.

## **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Fresh Issue, including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Offer Closing Date, we shall forthwith refund the entire subscription amount received, no later than 70 days from the date of allotment.

The requirement for minimum subscription is not applicable to the Offer for Sale.

In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale. All expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.



Further, in accordance with regulation 26(4) of the SEBI ICDR Regulations, we shall ensure that the number of allottees, *i.e.* persons to whom the Equity Shares will be allotted under the Offer shall be not less than 1,000.

**Arrangement 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. See further details see “*Main Provisions of our Articles of Association*” of the Company on page 465.

**Option to receive 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.





## OFFER PROCEDURE

*This section applies to all Bidders. All Bidders can participate in the Offer through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process.*

### **Book Building Procedure**

In terms of Rule 19(2)(b) of the SCRR, this is an Offer for less than 25% of the post-Offer capital, and therefore, the Offer is being made through the 100% Book Building Process wherein at least 60% of the Offer shall be Allotted to QIBs on a proportionate basis. If at least 60% of the Offer cannot be allocated to QIBs, the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Offer 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 and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.

Any Bidder may participate in this Offer through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs.

Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to SCSBs.

**Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only on the dematerialised segment of the Stock Exchanges.**

### **Bid cum Application Form**

Bidders shall use only 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 the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered and the date and time shall be stamped at the Bidding centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. ASBA Bidders shall submit the ASBA Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding) to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. 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 multiple Bids.

On the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be treated as a valid application form. On completing and submitting the Bid cum Application Form to a member of the Syndicate (and in the case of an ASBA Bid cum Application Form, to the SCSB), the Bidder shall be deemed to have authorised our Company and the Selling Shareholder to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.



The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Retail investors including resident Indians and Eligible NRIs applying on a non-repatriation basis, excluding Eligible Employees Bidding in the Employee Reservation Portion	[●]
Non-Institutional and QIB Bidders including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis, excluding Anchor Investors	[●]
Eligible Employees Bidding in the Employee Reservation Portion	[●]
ASBA Bidders Bidding in physical form	[●]
Anchor Investors*	[●]

\*Bid cum Application Forms for Anchor Investors have been made available at the office of the BRLMs.

### Who can Bid?

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this Offer;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture capital funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Multilateral and Bilateral Development Financial Institutions; and
- Eligible Employees.

*As per existing regulations, OCBs cannot participate in the Offer.*

**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.**

### Participation by Associates of BRLMs and Syndicate Member(s)

The BRLMs and the Syndicate Member(s) shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member(s) are entitled to subscribe for Equity Shares in the Offer, 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. However, the BRLMs, Syndicate Member(s) and persons related to the BRLMs and the Syndicate Member(s) shall not be allowed to subscribe to the Anchor Investor Portion.

### **Bids by Mutual Funds**

As per the SEBI ICDR Regulations, 5% of the QIB Portion (excluding the Anchor Investor Portion), has been specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion.

One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received at or above the price at which allocation is being done to Anchor Investors.

*As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own over 10% of any company's paid-up share 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.

### *Multiple applications*

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

### **Bids by Non Residents including Eligible NRIs and FIIs on a repatriation basis**

There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

### **Bids by Eligible NRIs**

1. Bid cum Application Forms for Eligible NRIs ([●] in color) will be available at our Registered Office, with the Syndicate and the Registrar to the Offer.
2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary ("NRO") accounts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts shall use the application form meant for Resident Indians ([●] in color).

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 for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

### **Bids by FIIs**

As per current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-issue issued capital (*i.e.* 10% of 50,473,791 Equity Shares). In respect of an FII investing in our equity shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. In accordance with the foreign



investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of our Company. Our shareholders have approved the FII investment limit in our Company to increase up to 49%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the “**SEBI FII Regulations**”), an FII, as defined in the SEBI FII Regulations, may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI ICDR Regulations. Associates and affiliates of the Underwriters, including the BRLMs and the Syndicate Member(s) that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Offer.

### **Bids by SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors**

*As per the current regulations, the following restrictions are applicable for SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors:*

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on venture capital funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI registered with the SEBI should not exceed 25% of the corpus of the venture capital fund or FVCI. However, venture capital funds or FVCIs may invest not over 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations. The Company, the Selling Shareholder and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated above.**

### **Bids by Eligible Employees**

For the purpose of the Employee Reservation Portion, Eligible Employee means all or any of the following:

- (a) A permanent and full time employee of our Company or any of our Subsidiaries as on the date of filing of the Red Herring Prospectus with the RoC and based, working and present in India as on the date of submission of the Bid cum Application Form.
- (b) A Director of our Company, whether a whole time Director, part time Director or otherwise, except any Promoters or an immediate relative of a Promoter, as on the date of filing of the Red Herring Prospectus with the RoC and based and present in India as on the date of submission of the Bid cum Application Form.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* [●] colour form).
- Only Eligible Employees (as defined above) would be eligible to apply in this Offer under the Employee Reservation Portion.
- Eligible Employees, as defined above, should mention the Employee Number at the relevant place in the Bid cum Application Form.
- The sole/first Bidder shall be the Eligible Employee as defined above.
- Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this category.



- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount does not exceed Rs. 100,000.
- Eligible Employees who Bid for Equity Shares in the Employee Reservation Portion can apply at Cut-off Price. The Allotment in the Employee Reservation Portion will be on a proportionate basis. However, the maximum Bid by an Eligible Employee cannot exceed Rs. 100,000.
- 
- Bids by Eligible Employees can also be made in the Net Offer portion and such Bids shall not be treated as multiple Bids.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand. Any unsubscribed portion in any reserved category shall be added to the Net Offer to the public. In case of under-subscription in the Net Offer to the public category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see “—*Basis of Allotment*” on page 455.

### **Bids by Anchor Investors**

Our Company and the Selling Shareholder may consider participation by Anchor Investors in the QIB Portion for up to 30% of the QIB Portion in accordance with the SEBI ICDR Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- (a) Anchor Investors Bid cum Application Forms will be made available for the Anchor Investor Portion at our Registered Office, and with the members of the Syndicate and the Registrar to the Offer.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds 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 a Mutual Fund will be aggregated to determine the minimum application size of Rs. 100 million.
- (c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds.
- (d) The Bidding for Anchor Investors shall open one day before the Bid/Offer Opening Date and shall be completed on the same day.
- (e) Our Company and the Selling Shareholder, in consultation with the BRLMs, shall finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion shall not be less than:
  - two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
  - five, where the allocation under Anchor Investor Portion is over Rs. 2,500 million.
- (f) Allocation to Anchor Investors shall be completed on the Anchor Investor Bidding 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/Offer Opening Date.
- (g) Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date.
- (h) In the event the Offer Price is greater than the Anchor Investor Offer Price, the additional amount being the difference between the Offer Price and the Anchor Investor Offer Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Offer Price is lower than the Anchor Investor Offer Price, the Allotment to Anchor Investors shall be at the higher price *i.e.* the Anchor Investor Offer Price.



- (i) The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- (j) None of the BRLMs or any person related to the BRLMs, Promoters, or Group Entities shall participate in the Anchor Investor Portion. The parameters for selection of the Anchor Investors shall be clearly identified by the BRLMs and shall be made available as part of the records of the BRLMs for inspection by SEBI.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

Additional details, if any, regarding participation in the Offer under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be published by our Company in an English national newspaper and a Hindi national newspaper, each with wide circulation at least two working days prior to the Bid/Offer Opening Date.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b). With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form.
- (c). With respect to Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) 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.

Our Company and the Selling Shareholder in their 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 our Company, the Selling Shareholder and the BRLMs may deem fit.

#### *Maximum and Minimum Bid Size*

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, 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. If 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 be Bid at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, indicating their agreement to Bid and purchase at the final Offer Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs excluding Anchor Investors):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.





100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws.

In case of revision in Bids, 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. If 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 the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date.**

- (c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. The Allotment in the Employee Reservation Portion will be on a proportionate basis. Employee Discount will be applicable to all Eligible Employees bidding under the Employee Reservation Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, indicating their agreement to Bid and purchase at the final Offer Price as determined at the end of the Book Building Process.
- (d) **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 exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. 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 Bidding Date.**

#### **Information for the Bidders:**

- (a) The Red Herring Prospectus will be filed by our Company with the RoC at least three days before the Bid/Offer Opening Date.
- (b) The members of the Syndicate will circulate copies of the Bid cum Application Form (including providing electronic copies to the SCSBs) to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate or the SCSBs. The BRLMs shall ensure that electronic copies of the ASBA Bid cum Application Form are available on the websites of SCSBs.
- (c) The members of the Syndicate and the Designated Branches shall accept Bids from the Bidder during the Bid/Offer 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 Bidding Date.
- (d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or the Syndicate Member(s), their authorized agent(s) or the Designated Branches to register their Bids.
- (e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bids by ASBA Bidders shall be accepted by the Designated Branches in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms should bear the stamp of the members of the Syndicate or Designated Branch. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate or the Designated Branch, will be rejected.

#### **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

Bids and revisions of Bids must be:

- 1) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.



- 2) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- 3) For Retail Individual Bidders (including Eligible NRIs) and Eligible Employees submitting Bids in the Employee Reservation Portion, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter 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 and Eligible Employees indicating their agreement to Bid and purchase at the final Offer Price as determined at the end of the Book Building Process.
- 4) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Anchor Investors must ensure that their Bids must make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Bids cannot be made for over the Offer size.
- 5) Bids by Eligible NRIs, FVCIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of such FIIs, respectively, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- 6) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- 7) 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.
- 8) 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.

#### **Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

#### **GENERAL INSTRUCTIONS**

##### ***Dos:***

- (a) Check if you are eligible to apply as per the terms of the Red Herring Prospectus under applicable laws, rules and regulations;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form ([●] in colour), the Non-Resident Bid cum Application Form ([●] in colour), the Anchor Investor Bid cum Application Form ([●] in colour), the Employee Bid cum application Form ([●] in colour) or the ASBA Bid cum Application Form ([●] in colour) as the case may be;





- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate or the SCSB in case of ASBA Bidders;
- (f) With respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for Bidding has a bank account. Further, ensure that the ASBA Bid cum Application Form is signed by the account holder if the Bidder is not the account holder;
- (g) Ensure that you have funds equal to the Bid Amount in your bank account of the respective Designated Branch of the SCSB;
- (h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (i) Ensure that you have been given a TRS for all your Bid options;
- (j) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;
- (k) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected;
- (l) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects; and
- (m) 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. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

***Don'ts:***

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not submit a Bid without payment of the entire Bid Amount;
- (c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate or the Designated Branch;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ASBA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate or Designated Branch only;
- (g) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (h) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Offer size and/or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations;
- (i) Do not submit more than five ASBA Bid cum Application Forms per bank account;



- (j) Do not Bid for amount exceeding Rs. 100,000 in case of a Bid by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion;
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

#### **Method and Process of Bidding**

- (a) Our Company, the Selling Shareholder and the BRLMs shall declare the Bid/Offer Opening Date and Bid/Offer Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in widely circulated national newspapers (one each in English and Hindi (which is also the regional language) newspapers).
- (b) The Price Band and the minimum Bid lot size for the Offer will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in an English national newspaper and a Hindi national newspaper, each with wide circulation, at least two working days prior to the Bid/Offer Opening Date.
- (c) The BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, *i.e.* one day prior to the Bid/Offer Opening Date. Eligible investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bid/Offer Period. The members of the Syndicate and the SCSBs shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bid/Offer Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus.
- (d) The Bid/Offer Period shall be for a minimum of three working days and not exceeding 10 working days (including the days for which the Offer is open in case of revision in Price Band). If the Price Band is revised, the revised Price Band and the Bid/Offer Period will be published in an English national newspaper and a Hindi national newspaper, each with wide circulation, together with an indication of such change on the websites of the BRLMs and SCSBs and at the terminals of the Syndicate Member(s).
- (e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “**Bids at Different Price Levels**” below, within the Price Band and specify the demand (*i.e.*, the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (f) Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate or the SCSBs will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) With respect to ASBA Bidders, on receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges. 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. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “**Payment Instructions**” on page 445.

#### **Bids at Different Price Levels and Revision of Bids**

- (a) The Price Band and the minimum Bid lot size shall be decided by our Company and the Selling Shareholder in consultation with the BRLMs and advertised at least two working days prior to the



Bid/Offer Opening Date, in an English national newspaper and a Hindi national newspaper, each with wide circulation at least two days prior to the Bid/Offer Opening Date.

- (b) Our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side *i.e.* the floor price can move upward or downward to the extent of 20% of the floor price disclosed at least two working days prior to the Bid/Offer Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bid/Offer Period will be extended for at least three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in an English national newspaper and a Hindi national newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs, SCSBs and at the terminals of the Syndicate Member(s).
- (d) Our Company and the Selling Shareholder in consultation with the BRLMs can finalize the Offer Price and Anchor Investor Offer Price within the Price Band in accordance with this section, without the prior approval of or intimation to the Bidders.
- (e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion 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 and Eligible Employees in the Employee Reservation Portion bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion who Bid at Cut-off Price (*i.e.*, the total number of Equity Shares allocated in the Offer multiplied by the Offer Price), the Retail Individual Bidders and Eligible Employees in the Employee Reservation who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s).
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment 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 and Eligible Employees in the Employee Reservation Portion, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (*i.e.*, original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders and Eligible Employees in the Employee Reservation Portion bidding at the Cut-off Price 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 Offer 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 payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s).
- (i) In the event of any revision in the Price Band, whether upward or downward, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.



## **Bidder's Depository Account and Bank Account Details**

Bidders should note that on the basis of Bidder's Permanent Account Number, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members, the Registrar to the Offer will obtain from the Depository the demographic details including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ('**Demographic Details**'). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders CANs, allocation advice and it is mandatory to provide the bank account details in the space provided in the Bid cum Application Form. Hence, Bidders are advised to immediately update their bank account details and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar to the Offer or the Escrow Collection Banks or the SCSBs nor our Company nor the Selling shareholder shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their depository account details in the Bid cum Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE PERMANENT ACCOUNT NUMBER GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS PROVIDED IN THE DEPOSITORY ACCOUNT. 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 ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, on request, to the Registrar to the Offer, the required Demographic Details as available on its records.

**Refund Orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders sole risk and neither our Company nor the Selling Shareholder nor Escrow Collection Banks nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.**

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, Bidder's PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

Our Company and the Selling Shareholder in their absolute discretion, reserve the right to permit the holder of a power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the Depositories.

## **PAYMENT INSTRUCTIONS**

### **Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company along with the Selling Shareholder and the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in



respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Banks and the Registrar to the Offer to facilitate collections from the Bidders.

#### **Payment into Escrow Account(s) for Bidders other than ASBA Bidders**

Each Bidder (other than ASBA Bidders) shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the entire Bid Amount as per the following terms:

- (a) The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
- (b) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
  - In case of Resident QIB Bidders: “[●]”
  - In case of Non Resident QIB Bidders: “[●]”
  - In case of Resident Retail and Non-Institutional Bidders: “[●]”
  - In case of Non-Resident Retail and Non-Institutional Bidders: “[●]”
  - In case of Eligible Employees: “[●]”
- (c) In the event of Offer 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 Offer Price. If the Offer Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Offer Price paid by Anchor Investors shall not be refunded to them.
- (d) Our Company and the Selling Shareholder, in consultation with the BRLMs, 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 Anchor Investors. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
  - In case of resident Anchor Investors: “[●]”
  - In case of non-resident Anchor Investors: “[●]”



- (e) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
- (f) In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of 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 or FCNR or NRO Account.
- (g) In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (h) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.
- (i) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer.
- (j) On the Designated Date and no later than 10 days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
- (k) Payments should be made by cheque, or demand draft drawn on any bank (including a cooperative 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 or postal orders will not be accepted.
- (l) 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.
- (m) Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

*All expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.*

#### **Payment mechanism for ASBA Bidders**

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form, failure of the Offer or for





unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the Bid Amount in the relevant bank account within eight days from the Bid/Offer Closing Date and the SCSBs shall unblock the Bid Amount within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Offer Account, or until withdrawal/failure of the Offer or until rejection of the ASBA Bid, as the case may be.

#### **Payment by cash, stockinvest, money order or postal order**

Payment through cash, stockinvest, money order or postal order shall not be accepted in this Offer.

#### **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 payments will be made out in favour 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. Bids by Eligible Employees can be made also in the “Net Offer” and such Bids shall not be treated as multiple Bids. Bids by QIBs under the Anchor Investor Portion and QIB Portion (excluding Anchor Investor Portion) will not be considered as multiple Bids.

After Bidding on an ASBA Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Designated Branches of SCSBs and uploaded with the Stock Exchanges, 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. Submission of a second Bid cum Application Form, whether an ASBA Bid cum Application Form, to either the same or to another Designated Branch of the SCSB, or a Non-ASBA Bid cum Application Form, 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 this Offer. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in “—**Build up of the Book and Revision of Bids**” above.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company and the Selling Shareholder reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Offer to detect multiple Bids are provided below:

1. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple applications.
2. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.



### ***‘PAN’ or ‘GIR’ Number***

Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, the Bidders, 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. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

**Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

### ***Right to Reject Bids***

In case of QIB Bidders Bidding in the QIB Portion, our Company and the Selling Shareholder, in consultation with the members of the Syndicate, may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids by Eligible Employees bidding in the Employee Reservation Portion, our Company and the Selling Shareholder have a right to reject Bids based only on technical grounds and/or as specified in the Red Herring Prospectus. However, our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to reject any Bid received from Anchor Investors without assigning any reasons. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder’s address at the Bidder’s risk.

With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company and the Selling Shareholder would have a right to reject the ASBA Bids only on technical grounds and/or as specified in the Red Herring Prospectus.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and entered into the electronic Bidding system of the Stock Exchanges by the Syndicate Members do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

### ***Grounds for Technical Rejections***

Bidders are advised to note that Bids are liable to be rejected among other things, on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
2. Application on plain paper;
3. Age of First Bidder 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. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors, insane persons;
6. PAN not stated (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
7. Bids for lower number of Equity Shares than specified for that category of investors;





8. Bids at a price less than the Floor Price;
9. Bids at a price over the Cap Price;
10. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
11. Submission of more than five ASBA Bid cum Application Forms per ASBA Account;
12. Bids for number of Equity Shares which are not in multiples of [●];
13. Category not ticked;
14. Multiple Bids as described in the Red Herring Prospectus;
15. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
16. Bids accompanied by cash, stockinvest, money order or postal order;
17. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
18. Bid cum Application Form does not have the stamp of the BRLMs the Syndicate Member(s) or Designated Branches;
19. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete;
20. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Offer Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
21. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
22. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
23. Bids in respect whereof the Bid cum Application Form do not reach the Registrar to the Offer prior to the finalisation of the Basis of Allotment;
24. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
25. Bids by QIBs not submitted through the Syndicate;
26. Bids by OCBs;
27. Bids by persons in the Employee Reservation Portion not qualifying as Eligible Employees;
28. Bids by persons in the United States;
29. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
30. Bids not uploaded in the book would be rejected;
31. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid/Offer Closing Date;



32. Bank account details for the refund not given;
33. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
34. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and
35. Bids that do not comply with the securities laws of their respective jurisdictions.

#### **Electronic Registration of Bids**

- (a) The members of the Syndicate and SCSBs will register the Bids received, except Bids received from Anchor Investors, using the online facilities of the Stock Exchanges. Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges. There will be at least one online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted.
- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Offer. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bid/Offer Period. The Syndicate Member(s) and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.
- (c) On the Bid/Offer Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis. In order to ensure that the data uploaded is accurate, the Syndicate may be permitted one additional day after the Bid/Offer Closing Date to amend some of the data fields entered by them in the electronic bidding system. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, *i.e.*, Monday to Friday (excluding any public holiday).
- (d) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bid/Offer Period.
- (e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the investor in the electronic system:
  - Name of the company.
  - Application number.
  - Name of the Bidder(s) - Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the depository account is held. If 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, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, Eligible Employee etc.
  - Numbers of Equity Shares Bid for.
  - Bid Amount and the price option.
  - Bid cum Application Form number.



- Depository Participant Identity (“**DP ID**”) and Client Identification Number of the beneficiary account of the Bidder.
  - Cheque number.
  - PAN.
- (f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder’s responsibility to obtain the TRS from the members of the Syndicate or Designated Branches.** The registration of the Bid by the member of the Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated/Allotted.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, our Promoters, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate or the Designated Branches, the decision of the BRLMs 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**

- (a) Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges’ mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs and the Designated Branches on a regular basis.
- (c) During the Bid/Offer 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.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the



time of refund in accordance with the terms of the Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the SCSB shall block the additional Bid amount. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the members of the Syndicate or Designated Branches, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

#### **Price Discovery and Allocation**

- (a) Based on the demand generated at various price levels, our Company and the Selling Shareholder in consultation with the BRLMs shall finalize the Offer Price and Employee Discount.
- (b) Allocation to Anchor Investors shall be at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs, subject to compliance with the SEBI ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. 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/Offer Opening Date.
- (c) Under-subscription, if any, in the Non-Institutional Portion and Retail Portion may be met with spill over from any other category at the sole discretion of our Company and the Selling Shareholder in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange. If at least 60% of the Offer is not allocated to QIBs, the entire subscription monies shall be refunded.
- (d) The Allocation under the Employee Reservation Portion shall be on a proportionate basis, in the manner specified under the SEBI ICDR Regulations and the Red Herring Prospectus, subject to valid Bids being received at or above the Offer Price, and is approved by the Designated Stock Exchange.
- (e) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.
- (f) The BRLMs, in consultation with our Company and the Selling Shareholder, shall notify the members of the Syndicate of the Offer Price and Anchor Investor Offer Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) Our Company and the Selling Shareholder reserve the right to cancel the Offer any time after the Bid/Offer Opening Date, but before the Allotment without assigning any reasons whatsoever. In terms of the SEBI ICDR Regulations, QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid/Offer Closing Date. Further, Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding Date.
- (h) The Basis of Allotment details, which the Stock Exchanges shall approve within eight days of the Bid/Offer Closing Date shall be posted on the website of the Registrar to the Offer.

#### **Signing of Underwriting Agreement and RoC Filing**

- (a) Our Company, the Selling Shareholder, the BRLMs and the Syndicate Member(s) shall enter into an Underwriting Agreement on or immediately after the finalisation of the Offer Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, which then would



be termed 'Prospectus'. The Prospectus would have details of the Offer Price, Offer size, underwriting arrangements and would be complete in all material respects.

### **Pre-Offer Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in an English national newspaper and a Hindi national newspaper (which is also the regional newspaper), each with wide circulation.

### **Advertisement regarding Offer Price and Prospectus**

Our Company will issue a statutory advertisement 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 Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

### **Issuance of Confirmation of Allocation Note ("CAN")**

- (a) On approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Offer shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been allocated/allotted Equity Shares in the Offer. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders (excluding Anchor Investors) may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders and Bids from Eligible Employees bidding in the Employee Reservation Portion. However, our Company shall ensure that instructions for the demat credit of the Equity Shares to all investors in this Offer shall be delivered on the date of Allotment (which shall be the same date for all investors in this Offer). For Anchor Investors, see "*—Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs.*"
- (b) A CAN would be dispatched to the Bidders who have been allocated Equity Shares in the Offer, subject, however, in the case of Bidders other than ASBA Bidders, to such Bidders having paid the Bid Amount into the Escrow Account(s) at the time of Bidding and the realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price (or Anchor Investor Offer Price, as the case may be) for all the Equity Shares allocated to such Bidder.
- (c) The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, our Company shall ensure that the instructions by our Company for the demat credit of the Equity Shares to all investors in the Offer shall be given on the same date.
- (d) The issuance of CANs is subject to "*- Notice to Anchor Investors - Allotment Reconciliation and Revised CANs*" and "*- Notice to QIBs - Allotment Reconciliation and Revised CANs*" on pages 454 and 455, respectively.

### **Notice to Anchor Investors: Allotment Reconciliation and Revised CANs**

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of our Company, the Selling Shareholder and the BRLMs, selected Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute a valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investors to pay the entire Anchor Investor Offer Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to (a) the physical application being valid in all respect along with receipt of stipulated documents, (b) the Offer Price being finalised at a price not higher than the Anchor Investor Offer Price, and (c) Allotment. In the event of a technical rejection or in the event the Offer Price is higher than the Anchor Investor Offer Price, a revised CAN will be sent to Anchor Investors. The price of 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, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares or increased price of Equity Shares. The Pay-in Date in the revised CAN shall not be later than two working days after the Bid/Offer Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

#### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the Stock Exchange systems. This shall be followed by a physical book prepared by the Registrar on the basis of the Bid cum Application Forms received. Based on the electronic book or the physical book as the case may be, QIBs Bidding in the QIB Portion may be sent a provisional CAN, after the Bid/Offer Closing Date, indicating the number of Equity Shares that may be allocated to them. This provisional CAN and the final allocation is subject to (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Offer, (b) the basis of final Allotment, which will be approved by the Designated Stock Exchange, and (c) Allotment. Subject to the SEBI ICDR Regulations, certain Bids may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and Basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

#### **Designated Date and Allotment of Equity Shares**

- After the funds are transferred from the Escrow Account(s) to the Public Offer Account on the Designated Date and appropriate requests to the Designated Branches for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Offer Account, our Company will ensure that the Allotment and credit to the Allottees' respective depository accounts is done within 11 days of the Bid/Offer Closing Date.
- In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/Allotted to them pursuant to this Offer.**

#### **Basis of Allotment**

##### **A. For Retail Individual Bidders**

- Bids received from Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. Allotment to all successful Retail Individual Bidders will be made at the Offer Price.
- The Offer size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, see below.

##### **B. For Non-Institutional Bidders**

- Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. Allotment to all successful Non-





Institutional Bidders will be made at the Offer Price.

- The Offer size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment see below.

**C. For Employee Reservation Portion**

- Bids received from the Eligible Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Offer Price less the Employee Discount.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis subject to a minimum of [●] Equity Shares either on a firm basis or as per the drawal of lots, if any, approved by the Designated Stock Exchange. For the method of proportionate basis of allocation, refer below.
- Only Eligible Employees eligible to apply under Employee Reservation Portion.

**D. For QIBs in the QIB Portion (excluding the Anchor Investor Portion)**

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. Allotment to all successful QIB Bidders will be made at the Offer Price. The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion (excluding Anchor Investor Portion) shall be determined as follows:
    - (i) In the event Mutual Fund Bids exceed 5% of the QIB Portion (excluding Anchor Investor Portion), allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion (excluding Anchor Investor Portion).
    - (ii) In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion) then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Offer Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs shall be determined as follows:
    - (i) In the event of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.



- (ii) Mutual Funds, which have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
  - (iii) Under-subscription below 5% of the QIB Portion (excluding Anchor Investor Portion), if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIB Bidders shall not be less than [●] Equity Shares

#### E. For Anchor Investor Portion

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs, subject to compliance with the following requirements:
  - not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  - 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 done to other Anchor Investors;
  - allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation upto Rs. 2,500 million and 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 Offer Price, shall be made available in the public domain by the BRLMs before the Bid/Offer Opening Date by intimating the Stock Exchanges. The method of proportionate basis of Allotment is stated below.

#### Illustration of Allotment to QIBs and Mutual Funds (“MF”)

##### A. Offer Details

S. No.	Particulars	Offer details
1.	Offer size	200 million equity shares
2.	Allocation to QIB (60%)	120 million equity shares
3.	Anchor Investor Portion	36 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) minus (3)]	84 million equity shares
	Of which:	
	a. Allocation to MF (5%)	4.20 million equity shares
	b. Balance for all QIBs including MFs	79.8 million equity shares
5.	No. of QIB applicants	10
6.	No. of shares applied for	500 million equity shares

##### B. Details of QIB Bids

S. No.	Type of QIB bidders <sup>#</sup>	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





S. No.	Type of QIB bidders <sup>#</sup>	No. of shares bid for (in million)
8	MF3	80
9	MF4	20
10	MF5	20
	<b>Total</b>	<b>500</b>

<sup>#</sup> A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

### C. Details of Allotment to QIB Bidders/Applicants

<i>(Number of equity shares in million)</i>				
Type of QIB bidders	Shares bid for	Allocation of 4.20 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 MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	8.05	0
A2	20	0	3.22	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	12.61	14.29
MF4	20	0.42	3.15	3.57
MF5	20	0.42	3.15	3.57
	<b>500</b>	<b>4.20</b>	<b>79.80</b>	<b>35.71</b>

Please note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in “*Offer Structure*” on page 426.
- Out of 84 million equity shares allocated to QIBs, 4.2 million (*i.e.* 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in QIB category.
- The balance 79.80 million equity shares (*i.e.* 84 - 4.2 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 million equity shares (including five MF applicants who applied for 200 million equity shares).
- The figures in the fourth column entitled “Allocation of balance 79.80 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5) = No. of shares bid for (*i.e.* in column II) X 79.80/495.80.
  - For Mutual Funds (MF1 to MF5) = [(No. of shares bid for (*i.e.* in column II of the table above) less Equity Shares allotted (*i.e.*, column III of the table above)] X 79.80/495.80.

The numerator and denominator for arriving at allocation of 84 million shares to the 10 QIBs are reduced by 4.2 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

### Method of Proportionate Basis of Allotment in the Offer

Except in relation to Anchor Investors, in the event of the Offer being over-subscribed, our Company and the Selling Shareholder shall finalise the basis of Allotment in consultation with the Designated Stock Exchange.



The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
  - (a) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
  - (b) Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company and the Selling Shareholder, in consultation with the BRLMs.

#### **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Offer shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 22, 2006, between NSDL, our Company and the Registrar to the Offer;
- Agreement dated November 12, 2007, between CDSL, our Company and the Registrar to the Offer.

Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.



- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of the respective Stock Exchanges.

### **Communications**

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders depository account details, number of Equity Shares applied for, date of Bid 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 or with respect to ASBA Bids, the bank account number in which an amount equivalent to the Bid Amount was blocked.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer 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 Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, 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."*

### **Payment of Refund**

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain, from the Depositories, the Bidders' bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk



and neither our Company, the Selling Shareholder, the Registrar to the Offer, Escrow Collection Bank(s), Bankers to the Offer nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In the case of Bids from Eligible NRIs and FIIs, refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

### **Mode of Refunds**

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS – Payment of refund would be done through NECS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories. The payment of refunds is mandatory for Bidders having a bank account at any of the abovementioned centres, except where the Bidder, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit – Bidders having bank accounts with the Refund Bank(s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS – Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible Bidders who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code (“IFSC”) code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Bidder’s bank receiving the credit would be borne by the Bidder.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the Bidders’ bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their 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 Bidders 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 Offer. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.
5. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value 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 Refund 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 Application Moneys and Interest in Case of Delay**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to



the Stock Exchanges after the Allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 days from the Bid/Offer Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 10 days of the Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 12 working days of the Bid/Offer Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within nine days of the Bid/Offer Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 days of the Bid/Offer Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within 8 days from the Bid/Offer Closing Date; and
- Our Company shall pay interest at 15% p.a. for any delay beyond the 10 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within eight days from the day the Company becomes liable to repay (i.e. 10 days after the Bid/Offer Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company, the Selling Shareholder and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.
- All expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.

#### **Letters of Allotment or Refund Orders or instructions to the SCSBs**

Bidders residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and shall dispatch refund orders above Rs. 1,500, if any, by registered or speed post at the sole or first Bidder's sole risk within 10 days of the Bid/Offer Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 10 days of the Bid/Offer Closing Date.

In case of ASBA Bidders, the Registrar to the Offer shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 8 days of the Bid/Offer Closing Date, which shall be completed within one day after the receipt of such instruction from the Registrar.

All expenses with respect to the Offer will be shared between the Selling Shareholder and us, in proportion to the Equity Shares contributed to the Offer.

#### **Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Offer**



Allotment of Equity Shares in the Offer, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than nine days of the Bid/Offer Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the allotment letters or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within eight days from the day the Company becomes liable to repay (i.e. 10 days after the Bid/Offer Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier). If such money is not repaid within eight days from the day the Company becomes liable to repay, the Company, the Selling Shareholder and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of section 73 of the Companies Act.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

### **Undertakings by our Company**

Our Company undertakes the following:

- That the complaints received in respect of this Offer shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 12 working days of the Bid/Offer Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 10 days of the Bid/Offer Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the Promoters' contribution in full has already been brought in;
- That the certificates of the securities/refund orders to Eligible NRIs 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 are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; and
- That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

### **UNDERTAKINGS BY THE SELLING SHAREHOLDER**

The Selling Shareholder undertakes the following:

- The Equity Shares being sold pursuant to the Offer to the public, have been held by us for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the eligible investors within the specified time; and



- That the Selling Shareholder shall not have recourse to the proceed of the Offer until approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

#### **Withdrawal of the Offer**

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Offer anytime after the Bid/Offer Opening Date but before the Allotment of Equity Shares. In such an event our Company and the Selling Shareholder would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. Our Company and the Selling shareholder shall also promptly inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

In the event our Company and the Selling Shareholder, in consultation with the BRLMs, withdraws the Offer after the Bid/Offer Closing Date, a fresh offer document will be filed with SEBI in the event we subsequently decide to proceed with the initial public offering.

#### **Utilisation of Offer Proceeds**

The Board of Directors certifies that:

- All monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Offer shall be disclosed, and continue to be disclosed until the time any part of the Offer proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and
- Details of all unutilised monies out of the Offer, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.





## **SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY**

Pursuant to Schedule II of the Companies Act, and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures, their consolidation or splitting are as provided below. Each provision 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.

1. No regulations contained in Table A in the First Schedule to the Companies Act, 1956, or in the Schedule to any previous Companies Act, shall apply to this Company, except in regard to matters not specifically provided in these Articles, but the Regulations for the management of the Company and for the observance of the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to, its resolutions by Special Resolution as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

### **CAPITAL AND INCREASE AND REDUCTION OF CAPITAL**

3. 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 with power to subdivide, reduce, consolidate and increase and with power from time to time, to issue any shares of the original capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be, thought fit, and upon the subdivision of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.
- 3A. The Company shall have the power to issue shares with differential rights has to dividend voting or otherwise to the extent permissible under the provisions of the Companies Act, 1956 or any rules framed thereunder.
4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares; such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Company shall comply with the provisions of Section 97 of the Act.
5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new share shall be considered as part of the existing capital, and shall be subject to the provisions contained herein, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares, which are or at the option of the Company are liable to redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.
7. On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect:
  - (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption;
  - (b) no such shares shall be redeemed unless they are fully paid;
  - (c) the premium if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;





- (d) where any such share are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the 'Capital Redemption Reserve Account', a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction for the share capital of the Company shall, except as provided in Section 80 at the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.
8. The Company may (subject to the provisions of Section 78, 80, 100 to 105 inclusive of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.
9. Subject to the Provisions of Section 94 of the Act the Company in general meeting may, from time to time, sub-divide or consolidate its shares, or any of them and the resolution whereby any share is sub-divided may determine that as between the holder of the shares resulting from such sub-division one or more such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
10. Whenever the capital, by reason the issue of Preference Share or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a special resolution passed at a separate general meeting of the holders of shares of that class.

#### **SHARES AND CERTIFICATES**

11. The Company shall cause to be kept a Register and Index of Members in accordance with Section 150 and 151 of the Act. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in that State or Country.
12. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
13. 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 person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with 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.
14. (a) 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 then:
- (i) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;



- (ii) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
  - (iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
  - (iv) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
- (b) Notwithstanding anything contained in sub-clause (a) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever.
- (i) If a special resolution to that effect is passed by the Company in general meeting, or
  - (ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (c) Nothing in sub-clause (iii) of clause (a) hereof shall be deemed:
- (i) To extend the time within which the offer should be accepted; or
  - (ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (d) 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 debentures issued by the company.
- (i) To convert such debentures or loans into shares in the company; or
  - (ii) To subscribe for shares in the company.
- 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;
- (A) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
  - (B) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in General Meeting before the issue of the loans.
15. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of the members shall, for the purposes of these Articles, be a member.



16. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect, of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Registrar of Members as the name of the holders of such shares become as a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
17. Every member, or his heirs, executors or administrators, shall pay to Company the portion of the Capital represented by his share or shares which may, for the time being remain unpaid thereof in such amounts, at such time or times and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.
18. Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may 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 two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates 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 and 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 or several joint holders shall be a sufficient delivery to all such holder.
19. (a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Director shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the Company.

- (b) When a new share certificate has been issued due to a share certificate being worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No..... sub-divided / replaced / on consolidation of shares".
- (c) When a new share certificate has been issued against a share certificate being lost or destroyed, it shall state on the face of it and against the stub or counterfoil to the effect that it is 'duplicate issued in lieu of share certificate No.....' The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate.
- (d) Where a new share certificate has been issued in pursuance of clause (a) of this Article, particulars of every such share certificate shall be entered in Register of Renewed and Duplicate Certificates indicating against the name or names of the person or persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the 'Remarks' column.
- (e) All blank forms to be issued for issue of share certificates shall be printed and printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine



numbered and the forms and the blocks, engraving, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for such purpose; and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

- (f) The Managing Director of the company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all blocks and documents relating to the issue of share certificates except the blank forms of share certificates referred to in sub Article (e).
  - (g) All books referred to in sub-Article (f) shall be preserved in good order permanently.
20. If any share stands in the names of two or more persons, the person first named in the Register shall as regards receipt of dividends, bonus or service or notices and all or any other matter connected with the Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of share shall be severally as well as jointly be liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
21. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize, even when having notice thereof, any equitable, contingent, future or partial interest in any share, or (except only as is by these Article otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

#### **DEMATERIALIZATION OF SECURITIES**

22. 1. For the purpose of this Article:-

‘Beneficial owner means a beneficial owner as defined in Section 2 (1) (a) of the Depositories Act, 1996;

‘SEBI’ means the Securities & Exchange Board of India;

‘Depository’ means depository as defined in Section 2 (1) (e) of the Depositories Act, 1996; and

‘Registered Owner’ means a depository whose name is entered as such in the records of the Company;

‘Security’ means such Security or Securities of the Company as may be specified by SEBI from time to time.

- 2. Notwithstanding anything contrary contained in these Articles, the Company shall be entitled to dematerialise/rematerialised its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- 3. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- 4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.



5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company be means of electronic mode or by delivery of floppies or discs.
7. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.
8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
10. The Registrar and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.
11. The provisions contained in this Article shall be subject to the provisions of the Depositories Act, 1996 in relation to dematerialisation/rematerialisation of securities, including any modification(s)/reactment thereof and rule/regulations made thereunder and shall prevail and apply accordingly.

#### **INTEREST OUT OF CAPITAL**

23. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the works or buildings or the provision of any plant.

#### **CALLS**

24. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the members in respect of all monies unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
25. Fifteen days notice in writing of any call shall be given by the Company/Board specifying the time, place of payment, and the person or persons to whom such calls shall be paid.
26. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
27. A call may be revoked or postponed at the discretion of the Board.



28. The joint-holders of share shall be jointly and severally liable to pay all calls in respect thereof,
29. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who, on account of residence at a distance or other cause, the board may deem fairly entitled to such extension as of right save as a matter of grace and favour.
30. If any member fails to pay any call due from him or any part thereof on the day appointed for the payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 18 per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member, and the Board shall be liberty to waive payment of such interest either in wholly or in part.
31. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date whether on account of the nominal value of the share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
32. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.
33. (a) The Board may, if it thinks fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same, all or any part of the monies due upon the shares held by him beyond the sum actually called for, and upon the moneys so paid in advance, or upon so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due respect of the shares on account of which such advances are made, the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advance or at any time repay the same upon giving to the member three months notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profits,
- b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
- (c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.
- 33A. The Company will not give any person the option or right to call of any shares without the sanction of shareholders in general meeting.

#### **LIEN**

34. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/ debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.





35. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.
36. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, 4 any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the share at the date of the sale.
- 36A. Notwithstanding anything contained in these Articles and subject to the provisions of the Act, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or other securities as it may think proper subject to such limits, upon such terms and conditions and subject to such approvals as may be provided by law.

### **FORFEITURE OF SHARES**

37. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued, and all expenses that may have been incurred by the Company by reason of such non-payment.
38. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest thereon at such rate not exceeding 18 per cent per annum as the Board shall determine from the day in which such call or installment ought to have been paid and expenses as aforesaid are to be paid, The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.
39. If the requirements of any such notice as aforesaid are shall not be complied with, every or any share in respect of which such notice has been given, may at any time there after but before payment of calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other monies payable in respect of the forfeited shares and not actually paid before the forfeiture.
40. When any share shall 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 of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
41. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
42. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand any calls, amounts, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from the time of the forfeiture, until a payment, at such rate (not exceeding 18 percent per annum) as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.
43. The forfeiture of a share shall involve extinction at the time of the forfeiture, of all interest in and of all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
44. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the



declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

45. Upon any sale after forfeiture or for enforcing a lien purported exercise of the power hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see the regularity of the proceedings, or to the applications of the purchase money, and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
46. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Board shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.
47. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

#### **TRANSFER AND TRANSMISSION OF SHARES**

48. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.
49. Share in the Company may be transferred by an instrument in writing as provided by the provisions of Section 108 of the Act and statutory modification thereof. Such instrument of transfer shall be in the form prescribed and shall be duly stamped and delivered to Company within the prescribed period.
- 49A. The Company shall use a common form of transfer.
50. The instrument of Transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of the transfer the certificate(s) of the shares must be delivered to the Company.
51. The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situated to close the Transfer Books, the Register of Member or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.
52. Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a 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 shares.
53. Wherein the case of partly paid shares, an application for registration is made by the transferor; the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.





54. In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, 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.
55. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or holders if a Succession Certificate or the legal representatives, unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board on its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 65 register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased member, as a member.
56. No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
57. Subject to the provisions of the Act and Article 52 and 53 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Articles or of such title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless, that if such person shall elect to have this nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.
58. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive and may give a discharge for, any dividend or other moneys payable in respect of the shares.
59. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
60. The company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of share 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 person(s) having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable 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 of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to record and attend to any such notice and give effect thereto if the Board shall so thinks fit.

#### **COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE SENT TO MEMBERS**

61. Copies of Memorandum and Articles of Association of the Company and other documents referred to Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupees One of each copy.



## **BORROWING POWERS**

62. Subject to provision of Section 292, 293 and 370 of the Act the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company provided however, where the monies, to be borrowed together with the monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such monies without the consent of the company in General Meeting.
63. The payment or re-payment of monies borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit and particularly by resolution passed at a meeting of the Board (and not by circular resolution) by the issue of debentures or debenture-stock of the Company (both present and future) including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued.
64. 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 share of any denomination, and with any privileges and condition as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at general meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of general meeting by Special Resolution.
65. The Board shall cause a proper Register to be kept in accordance with the provision of Section 143 of the Act of all mortgages, debentures and charges specially affecting the property of the Company; and shall cause the requirements of Section 118, 125 and Sections 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fall to be complied with by the Board.
66. The Company shall, if at any time it issues debentures keep a Register and Index of Debenture-holder in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debentures holders resident in that State or Country.

## **SHARE WARRANTS**

67. The Company may issue share warrants subject to, and in accordance with the provision of Section 114 and 115; and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the persons registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and on receiving the certificate (if any) of the shares, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.
68.
  - (1) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition of calling a meeting of the Company and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the share included in the deposited warrant.
  - (2) Not more than one person shall be recognized as depositor of the share warrant.
  - (3) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.
69.
  - (1) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company or be entitled to receive any notice from the Company.



- (2) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the share included in the warrant; and he shall be member of the Company.
70. The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

71. The Company in general meeting may convert any fully paid-up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid-up shares of any denomination.
72. The holders of stock shall, according to the amount of stock held by them, have same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company, and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

### **MEETING OF MEMBERS**

73. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meeting in that year. All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings. The first Annual General Meeting shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situate as the board may determine and the Notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be head at any General Meeting which he attends on any part of the business which concern him as Auditor. At every Annual General Meeting of the Company, there shall be laid on the table the Director's Report and Audited Statement of Account, Auditor's Report (if not already incorporated in the audited Statements of Account), the proxy Register with proxies and the Register of Directors shareholdings which later Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.
74. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as on that date carries the right of voting in regard to the matter in respect of which the requisition has been made.
75. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and to be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.
76. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of



the paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

77. Any meeting called under foregoing articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.
78. Twenty-one days' notice at least of every General Meeting, Annual or Extraordinary, and by whomsoever called specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other meeting, with the consent in writing of all the members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any therein of every Director, and the Manager (if any). Where any such item of special business relates to or affects any other Company, the extent of share-holding interest in other company of every Director, and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 percent of the paid-up share capital of that other Company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
79. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof to any member or other person to whom it should be given, shall not invalidate, any resolution passed at any such meeting.
80. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening such meeting.
81. Five members entitled to vote and present in person shall be quorum for a General Meeting.
82. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.
83. If at the expiration of half an hour from the time appointed for holding a meeting of company, a quorum shall not be present, the meeting, if convened by or upon requisition of members, shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day of the 3rd week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day, and at such other time and place in the city or town in which the Office of the Company is for the time being situate, as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.
84. The Chairman (if any) of the Board shall be entitled to take the Chair at every General Meeting whether Annual or extraordinary. If there be no such Chairman of the Board, or, if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take the Chair, then the Vice Chairman (if any) of the Board shall be entitled to take the Chair and if there be no such Vice Chairman or if he be not so present, the members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their members to be the Chairman.



85. No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.
86. The Chairman with the consent of the members may adjourn any meeting 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 adjournment took place.
87. At any General Meeting, a resolution put to vote of the meeting shall be decided on a show of hands, unless a poll is (before or on declaration of the result of the show of hands) demanded by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid-up and unless a poll is demanded, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.
88. In the case of an equality of votes, the Chairman shall both on show of hands and at a poll (any) have a casting vote in addition to the vote or votes to which he may be entitled as member.
89. If a poll is demanded as provided in these Articles, the same shall be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situated and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
90. Where as poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the vote given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed. The Chairman shall have power at anytime before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of the scrutineer arising from such removal or from any other cause.
91. Any poll duly demanded on the election of a chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith
92. The demand for a poll except on the question of the election of the chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
93. No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has, and has exercised any right of lien.
94. Subject to the provisions of these articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every member, not disqualified by the last preceding article shall be entitled to be present, and to speak and vote at such meeting and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the company. Provided, however, if any preference shareholder be present at any meeting of the company save as provided in clause (b) of sub section (2) of section 87, of the act, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.
95. On a poll taken at a meeting of the company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all votes he uses.



96. A member of unsound mind in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may on poll, vote by proxy. If, any member is a minor, the vote in respect of his share or shares shall be by his guardian or guardians, if more than one, to be selected in case of dispute by the chairman of the meeting.
97. If there be joint registered holders of any shares, any one of such persons may vote at any meeting or may appoint another person (whether a member or not) as his proxy but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting that one of the said person so present whose name stands higher on the register shall alone be entitled to speak and to vote in respect of such shares but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name share stand shall for purpose of these Articles be deemed to be joint-holders thereof.
98. Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.
99. Any person entitled under Article 57 to transfer any share may vote at any general meeting in respect thereof in the same manner as if he were registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be which he proposes to vote he shall satisfy the Board of his right to transfer such shares and give such indemnity (if any) as the directors may require or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
100. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorized by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.
101. An instrument of proxy may appoint a proxy for the purpose of a particular meeting specified in the instrument and any adjournment thereof.
102. A member present by proxy shall be entitled to vote only on a poll.
103. The instrument appointing a proxy and the power of attorney or their authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument purposes to vote, and in default the instrument or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
104. Every instrument of proxy shall, as nearly as circumstances will admit, be in any of the forms set out in schedule IX of the Act. The company will send proxy forms to shareholders and debentures-holders in all cases where proposals other than that of a purely routine nature are to be considered, such proxy form being so worded that a shareholder or debenture holder may vote either for or against each resolution.
105. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity or revocation or transfer shall have been received at the office before the meeting.
106. No objection shall be made to the validity of any vote, except at any meeting or poll at which such vote will be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.





107. The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The chairman present at the time of taking of poll shall be the sole judge of the validity of every vote tendered at such poll.
108. (1) The company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meetings entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the chairman of the same meeting within that period or by a director duly authorized by the board for the purpose.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceeding thereat.
- (5) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.
- (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the chairman of the meeting (a) is or could reasonably be regarded as, defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the company. The Chairman of the meeting shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
- (7) Any such minutes shall be evidence of the proceedings recorded therein.
- (8) The book containing the minutes of the Proceedings of General meetings shall be kept at the office of the company and shall be open during business hours, for such periods not being less than two hours in each day as the Directors determine, to the inspection of any member without charge.

## **DIRECTORS**

110. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors (excluding Debenture and Alternate Directors) shall not be less than three or more than twelve.
111. Whenever Directors enter into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Directors shall have, subject to the provisions of section 255 of the Act, the power to agree that such appointer shall have the right to appoint or nominee by a notice in writing addressed to the Company one or more persons, who are acceptable to the Board, as Directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or other in his or their place and also fill in vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including payment of remuneration and travelling expenses to such Director or Directors as may be agreed by the Company with the appointer.
112. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in case of any and every such issue of debentures, the person or persons having such power may



exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

113. At the request of the concerned Director the Board may appoint an Alternate Director to act for Director (hereinafter call “the Original Director”) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under the Articles shall not hold office for a period longer than that permissible to the Original Director in which place he has been appointed and shall vacate office if and when the Original Director returns to that State. If the term of office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the Automatic reappointment of retiring Director in defaulting of another appointment shall apply to the Original Director and not to the Alternate Director.
114. Subject to the provisions of Section 260, 261 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 110. Any such additional Director shall hold office only upto the date of the next Annual General Meeting.
115. Subject to the provisions of Section 261, 264 and 284 (6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.
116. A Director of the Company shall not be bound to hold any qualification share.
117.
  - (1) Subject to the provisions of the Act, a Managing Director, who is in the whole-time employment of the Company, may be paid remuneration either by way of a monthly payment, fee for each meeting or participation in profits or by any of all these modes and/or any other mode not expressly prohibited by the Act.
  - (2) Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing Director may be paid remuneration either;
    - (i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
    - (ii) by way of commission if the Company by special resolution authorized such payment.
  - (3) The fee payable to the Directors for attending meeting of the Board or committee thereof shall, from time to time, be determined by the Board of the Directors of the Company.
118. The Board may allow and pay to any Director, who is not a bonafide resident of the place where the meeting of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation or for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company’s business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with the business of the company.
119. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number as per Article 110 hereof the continuing Directors not being less than two may act for the purpose of increasing the number of directors to that number, or of summoning a general Meeting but for no other purpose.
120. Subject to Sections 283 (2) and 314 of the Act the office of a Director shall become vacant if:
  - (a) he is found to be of unsound mind by a Court of competent jurisdiction; or





- (b) he applies to be adjudicated an insolvent;
  - (c) he is adjudged an insolvent;
  - (d) he fails to pay any call made on him in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
  - (e) he absents himself from three consecutive meeting of the Directors or from all meeting of the Directors for continuous period of three months whichever is longer, with out leave of absence from the Board; or
  - (f) he becomes disqualified by an order of the Court under Section 203 of the Act; or
  - (g) he is removed in pursuance of section 284; or
  - (h) he (whether by himself or by any person for his benefit on his account) or any firm in which he is a partner or any private company of which he is director, accepts a loan, or any guarantee or security for a loan, from the Company in Contravention of section 295 of the Act; or
  - (i) he acts in contravention of Section 299 of the Act; or
  - (j) he is convicted by a Court of an offensive involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
  - (k) having been appointed a Director by virtue of his holding any office or other employment in the company, he ceases to hold such office or other employment in the Company; or
  - (l) he resigns his office by a notice in writing addressed to the Company.
121. (1) A Director or his relative or firm in which such Director or relative is a partner, or any other partner in such firm or a private Company of which the Director is member or director any enter into any contract with the Company for the sale, purchase or supply of any goods, materials, or services or for underwriting the subscription of any share in or debentures of the Company, provided that the sanction of the Board is obtained before or within three months of the date on which the contract is entered into in accordance with section 297 of the Act.
- (2) No sanction shall however, be necessary for:
- (a) any purchase of goods and material from the Company, or the sale of goods and material; to the company, by any such Director, relative, firm partner or private company as aforesaid for cash at prevailing market prices.
  - (b) Any contracts between the Company on one side and any such director, relative, firm, partner or Private company on the other for sale, purchase or supply of any goods, materials and services in which either the Company or the Director, relative, firm, partner or private company, as the case may be regularly trade or does business, where the value of the goods and materials or the cost of such services does not exceed Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.
- Provided that in circumstances of urgent necessity, a Director, relative, firm, partner or private Company as aforesaid may without obtaining the consent of the Board enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or the cost of such services exceeds Rs.5,000/- in the aggregate in any year comprised in the period of the contract in the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which contract was entered into.
122. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement entered or to be entered into by or on



behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act; provided that it shall not be necessary for a director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the Company or two or more of them together holds not more than two percent of the paid-up share capital in any such company.

123. A General Notice given to the Board by the Director, to the effect that he is a directors or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangements so made shall be deemed to be a sufficient disclosure. Any such general notice shall expire at the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be effective unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
124. No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however that nothing contained shall apply to:-
- (a) any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer be reason of becoming or being sureties and/or surety for the Company,
  - (b) any contract or arrangement entered into or to be entered into with a public company or private company which is subsidiary of a public company in which the interest of the Director consists solely
    - (i) in his being:-
      - (a) a director of such company, and
      - (b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the company.
    - (ii) in his being a member holding not more than 2% of its paid up share capital.
125. The Company shall keep a register in accordance with 301 (1) and shall within the time specified in Section 301 (2) enter therein such of the particular as may be relevant having regard to the application thereto of Section 297 or Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 123. The Register shall be kept at the office of the Company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.
126. A Director 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, and no such director shall be accountable for any benefits received as director of share-holders of such company except in so far as Section 309(6) or Section 314 of the Act may be applicable.
127. At every Annual General Meeting of the Company, one third of such of the Directors for time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Debenture Director, if any shall not be subject to retirement under this clause and shall not be taken into account in determining the retirement by rotation of the number of Directors to retire.



128. Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 127 at every General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire, shall, in default of and subject to any agreement among themselves, be determined by lots.
129. A retiring Director shall be eligible for re-election.
130. Subject to Section 259 and 261 of the Act the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.
131. (a) If the place of the Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned until the same day in the next week, at the same time and place, or if that day is public holiday, until the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring 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 adjournment meeting unless.
- (i) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
- (ii) the retiring director has, by a notice in writing, addressed to the Company or its Board, expressed his unwillingness to be so reappointed;
- (iii) he is not qualified or disqualified for appointment;
- (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provision of the Act; or
- (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.
132. Subject to Section 259 of the Act the Company may by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.
133. (1) No person not being a retiring director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some members intending to propose him as, not less than fourteen days before the meeting, left at the office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office. Such person or the member as the case may be, shall deposit an amount of Five Hundred Rupees which shall be refunded to him or, as the case may be, to such member, if the person succeeds in getting elected as a Director.
- (2) Every person (other than a director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director, if appointed.
- (3) A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or as Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act (appointed as a Director or re-appointed as a Additional or alternate Director, immediately on the expiry of his terms of office) shall not act as a Director of the Company, unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such director.



134. (a) The Company shall keep at its Office a Register containing the particulars of its Director, Managers, Secretaries and other persons as mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.
135. (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager, or Secretary of the Company shall within twenty days of his appointment to any of the above office in any other body corporate, disclose in the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section. Any such notice shall be given in writing and if it is not given at meeting of the Board the person giving the notice shall take all reasonable steps to secure that is brought up and read at the first meeting of the Board next after its given.
136. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any one or more of its number as the Managing Director or Managing Directors or Whole Time Director or Directors (including Technical Director) of the Company.
137. The Managing Director shall not exercise the power to:
- (a) make calls on shareholders in respect of money unpaid on the shares in the Company;
- (b) issue debentures and except to the resolution passed at the Board meeting under section 292 of the Act shall also not exercise the powers to;
- (c) borrow moneys, otherwise than on debentures;
- (d) invest the funds of the Company, and
- (e) make loans.
138. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or Whole-time Director who –
- (a) is an un-discharged insolvent, or has at any time been adjudged an insolvent;
- (b) suspends, or has at any time suspended, payment to his creditors, or makes or has at any time made, a composition with them; or
- (c) is, or has at any time been convicted by a Court of an offense involving moral turpitude.
139. A Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, in accordance with Article 127. If he ceases to hold the office of Director he shall ipso facto, immediately cease to be a Managing Director.

#### **PROCEEDING OF THE BOARD OF DIRECTORS**

140. The Directors may meet together as a Board for the dispatch of business from time to time and shall so meet at least once in every three months and at least four such meeting shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.
141. Notice of every meeting of the Board shall be given in writing to every Director, at his usual address.



142. Subject to Section 287 of the Act the quorum of a meeting of the Board shall be one-third of its total strength (excluding Directors, if any whose places may be vacant at the time and any fraction contained in that one-third being rounded off as next number one), or two Directors whichever is higher; provided that where at any time the number of interested director exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, who are not interested, present at the meeting being not less than two shall be the quorum during such time.
143. If a meeting of the Board could not be held for want of a quorum, then the meeting shall automatically stand adjourned to such other date and time (if any) as may be fixed by the Chairman, not being later than seven days from the Date originally fixed for the meeting.
144. The Secretary shall, as and when directed by the Director to do so, convene a meeting of the Board by giving a notice in writing to every other Director.
145. The Directors may, from time to time, elect from among their number, a Chairman of the Board.
146. questions arising at any meeting of the Board of Directors shall be decided by majority of votes and in the case of an equality of votes, the Chairman shall have a second or a casting vote.
147. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the company are for the time being vested in or exercisable by the Board generally.
148. Subject to the restriction contained in Section 292 of the Act, the Board may delegate any of their power 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 formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the board in conformity with such relations and fulfillment of the purposes of their appointment, but not otherwise, shall have the like force and effect as if done by the Board.
149. The meeting and proceeding of any such Committee for the board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
150. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the Members of the Committee (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other directors or Members of the Committee, and has been approved by such of the Directors or Members of the Committee or by a majority of them as are entitled to vote in the resolution.
151. All acts done by any meeting of the Board or by Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or person acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be Director and had not vacate his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.
152.
  - (1) The Company shall cause minutes of all proceeding of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
  - (2) Each page of every book shall be initialed or signed and the last page of the record of proceeding of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.



- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceeding thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (6) The minutes shall also contain:-
  - (a) The names of the Directors present at the meeting and
  - (b) In the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (7) Nothing contained in Sub-Clause (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting.
  - (a) is, or could reasonably be regarded as defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interests of the Company.

The Chairman shall be the final judge in case of difference in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause, without prejudice to the recourse available under the law.
- (8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

153. The Board may exercise all such powers of the company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations 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; provided that the Board shall not except with the consent of the Company in General Meeting.

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking.
- (b) remit, or give time for the repayment of, any debt due by a Director;
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertakings as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after considerable time;
- (d) borrow moneys where the monies to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes;

Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meeting of the Board unless the same be delegated to the extent therein stated; or





- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year; exceed twenty five thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the financial years immediately preceding, whichever is greater.
154. Without prejudice to the general powers conferred by the last preceding Article and so as not 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 the last preceding Article, it is hereby declared that the Directors shall have following powers, that is to say, power –
- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
  - (2) To pay and charge to the capital account of the company and commission or interest lawful payable thereof under the provisions of Section 76 and 208 of the Act.
  - (3) Subject to Section 292, 297 and 360 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
  - (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the company and its uncalled capital or not so charged.
  - (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
  - (6) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
  - (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust, and provide for remuneration of such trustee or trustees.
  - (8) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its officers, or otherwise concerning the affairs of the company, and also to compound and allow the time for payment or satisfaction of any debts due and of any claim or demands by or against the company and to refer any differences to arbitration, and observe and perform any awards made thereon.
  - (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
  - (10) To make and give receipts, releases, and other discharges or monies payable to the Company and for the claims and demands of the Company.
  - (11) Subject to the provisions of Sections 292, 293(1), 295, 369, 370 and 372 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 realize such investments, save as provided in Section 49 of the Act, all investments shall be made and held in the company's own name.



- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be 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.
- (13) To determine from time to time who shall be entitled to sign, on the company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes.
- (14) To distribute by way of bonus amongst the staff of the Company a share or 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 a part of the working expenses of the Company.
- (15) To provide for the welfare of Directors or ex-Directors or employees and ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of the houses, dwelling or chawls, or by grants of money pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts 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 Board shall think fit; and subject to the provisions of Section 293 (1) (e) of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions, or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise.
- (16) Before recommending any dividend, subject to the provisions of Section 205 of the Act, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special Fund to meet contingencies or to repay debentures or debenture-stocks, or for special dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes including the purposes referred to in the preceding clause, as the Board may in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with or 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 in their absolute discretion, think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, maybe matters to or upon which the capital moneys of the Company might rigidly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds including the Depreciation Fund in the business of the Company or in the purchase or repayment of Debentures, debenture stock and 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 at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum.
- (17) To appoint, and at their discretion remove or suspend such general managers, secretaries, assistants, supervisors, clerks, agents, and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments, remuneration and to require security in such instances and in such amounts, as they may think fit, and also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in





such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

- (18) To comply with the requirements of any local law which in their opinion shall in the interests of the Company be necessary or expedient to comply, with.
- (19) 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 Boards, and to fix their remuneration.
- (20) Subject to Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorize the 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 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 annual or vary any such delegation
- (21) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may (if the Board thinks fit) be made in favour of the members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection or convenience of persons dealing with Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegates all or any of the powers, authorities and discretions for the time being vested in them.
- (22) Subject to Section 294, 297 and 300 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 do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (23) From time to time to make, vary and repeal by-laws for the regulation of the business of the Company, its officers and servants.

#### **MANAGEMENT**

- 155. The Company shall not appoint or employ at the same time more than one of the following categories of managerial personnel namely:
  - (a) Managing Director
  - (b) Manager

#### **THE SECRETARY**

- 156. The Board may from time to time appoint, and at their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act are to be performed by the Secretary and to execute any other purely ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint any person(s) (who need not be Secretary) to keep the registers required to be kept by the Company.



## **THE SEAL**

157. (a) The Board shall provide a Common Seal for the purpose of the Company, and shall have power from time to time destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a committee of the Board previously given.
- (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in territory, district or place outside India.
158. Every deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney be signed by one Director or by Secretary or some other person authorized by the Board/committee for the purpose; provided that in respect of share certificates the Seal shall be affixed in accordance with Article 19 (a).

## **DIVIDENDS**

159. The profit of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.
160. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividend shall exceed the amount recommended by the Board. However, the Company in General Meeting may declare a smaller dividend.
161. No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both; provided that:
- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of profits of the financial year or out of the profits of any other previous financial year or years.
- (b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid of against the profit of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
162. The Board may, from time to time, pay to the Members, such interim dividend, as in their judgment the position of the Company Justifies.
163. Where capital is paid in advance of calls, such capital may carry interest, but shall not in respect thereof confer a right to dividend or participate in profits.
164. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
165. The Board may retain the dividend payable upon shares in respect of which any person is, under Article 57 entitled to become a member, or which any person under that Article is entitled to transfer, until such person shall become a member, in respect of such shares, or shall duly transfer the same.
166. Any one of several persons who are registered as the Joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other monies payable in respect of such shares.



167. 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 Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
168. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
169. Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant or bank order sent through the post to registered address of the member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holdings. Every such Cheque or warrant or bank orders shall be made payable to the order of the person to whom it is sent. The Company shall not be liable for non-receipt, lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any Cheque or warrant or the forged signature of any pay-slip or the fraudulent recovery of the dividend by any other means.
170. No unpaid dividend shall bear interest as against the Company.
171. Any General Meeting declaring a dividend may on the recommendation of the Directors 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 member, be set off against the calls.
172. (a) The Company in General Meeting may resolve that any monies, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of Company and available dividend (or representing premium received on the issue of shares and standing to the credit of the Share Premium Account) be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of the Company with shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares of debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that a Share Premium Account and a Capital Redemption Reserve Account, may, for the purposes of the Article, only be applied in the paying of any unissued shares, to be issued to members of the Company as fully paid bonus shares.
- (b) General Meeting may resolve that any surplus monies, arising from the realization of any capital assets of the company or any investments representing the same or any other undistributed profits of the Company not subject to charge for Income Tax be distributed among the members on the footing that they receive the same as capital.
- (c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular, may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to and members upon the footing of the value so fixed or that fraction of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act. 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.



- 172A. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Unpaid Dividend Account”.
- 172B. Any money transferred to the unpaid dividend account of a Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under Section 205C of the Act.
- 172C. No unclaimed or unpaid dividend shall be forfeited by the Board.

### ACCOUNTS

173. The Company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 209 of the Act with respect to:-
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
  - (b) all sales and purchases of goods by the Company
  - (c) the assets and liabilities of the Company

Where the Board decides to keep all or any of the Book of Account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

Where the Company has branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Book of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns, made upto dates at intervals of not more than three months, are sent by the branch office to the company at its office or other place in India at which the Company's Books of Account are kept as aforesaid. The Books of Account shall give a true and fair view of the state of the affairs of the Company or branch office, as the case may be, and explain its transactions. The Books of Account and other books and papers shall be open to inspection by any Director during business hours.

174. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any right of inspection of any account or books or documents of the Company except as conferred by law or authorized by the Board.
175. The Directors shall from time to time, in accordance with Section 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these section.
176. A copy of every such Profit and Loss Account and Balance Sheet (including the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet), shall as provided by Section 219 of the Act, at least twenty one days before the meeting at which the same are to be laid before the members, be sent to the members of the Company; to holders of debentures issued by the Company (not being debentures which ex-facie are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meeting of the Company.

### AUDIT

177. Auditors shall be appointed and their rights and duties regulated in accordance with Section 224 to 233 of the Act.



178. The first Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company and the Auditor or Auditors so appointed shall hold office until the conclusion of the First Annual General Meeting of the Company, provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the Meeting provided further that if the Board fails to exercise its powers under this Article, the Company in General Meeting may appoint the first Auditor or Auditors.

#### **DOCUMENTS AND NOTICE**

179. (1) A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, supplied by him to the company for serving documents or notice on him.
- (2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that, where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time, at which the letter would be delivered in the ordinary course of post.
- 179A. When notice is given to its shareholders by advertisement it will advertise such notice in at least one leading daily newspaper.
180. A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address and has not supplied to the Company an address for the serving of documents on or the sending of notices to him.
181. A document or notice may be served or given by the Company on the joint- holder of shares by serving it on the joint-holder named first in the Register of Members in respect of the share.
182. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title or representatives of the deceased, or assignee of the insolvent or by any like description at the address (if any) supplied for the purpose by the persons claiming to be so entitled, or (until any such address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.
183. Documents or notices of every General Meeting shall be served or given in same manner herein-before authorized on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of member, and (c) the Auditor or Auditors for the time being of the Company.
184. Every person who, by operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of members, shall have been duly served on or given to the person from whom he derives his title to such shares.
185. Any documents or notice to be served or given by the Company may be signed by a Director or some person duly authorized by the Board of Directors for such purpose, and the signature thereto may be written, printed or lithographed.



186. All documents or notices to be served or given by members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer by post under a certificate of posting or by registered post, or by leaving it at the office.

#### **WINDING UP**

187. The liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any of the assets of the Company and may, with like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction shall think fit, but so that no member shall be compelled to except any shares or other securities whereon there is any liability.

#### **INDEMNITY AND RESPONSIBILITY**

188. Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief, is granted to him by the Court.

#### **SECRECY CLAUSE**

189. (a) Every Director, Manager, Auditor, Treasurer, Trustee, member of Committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles.
- (b) No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, would be inexpedient in the interest of the Company to disclose.



## **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 will be attached to the copy of the Red Herring Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder may be inspected at our Registered Office at 106, Vishwadeep Tower, Plot No. 4, District Centre, Janak Puri, New Delhi 110 058, India, from 10.00 am to 4.00 pm on working days from the date of this Draft Red Herring Prospectus until the Bid/Offer Closing Date.

#### **Material Contracts**

1. Engagement Letter dated April 23, 2010, for appointment of SBI Capital Markets Limited and Kotak Mahindra Capital Company Limited as BRLMs.
2. Offer Agreement dated April 24, 2010, amongst our Company, the Selling Shareholder and the BRLMs.
3. Agreement dated April 23, 2010, amongst our Company and the Selling Shareholder and the Registrar to the Offer.
4. Escrow Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs, the Syndicate Member(s), Escrow Collection Banks, and the Registrar to the Offer.
5. Syndicate Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs and Syndicate Member(s).
6. Underwriting Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs and Syndicate Member(s).

#### **Material Documents**

1. Our Memorandum and Articles of Association as amended until date.
2. Our certificate of incorporation dated November 7, 1990.
3. Resolutions of the Board dated February 23, 2010, authorising the Offer.
4. Shareholders resolution dated March 25, 2010, in relation to this Offer and other related matters.
5. Approval from Metmin Investment Holdings Limited dated April 12, 2010, for the Offer for Sale.
6. Copies of our annual reports for the past five fiscal years.
7. Application dated April 16, 2010, to the RBI seeking its approval for the transfer of Equity Shares pursuant to the Offer for Sale and repatriation of proceeds under the Offer for Sale.
8. RBI approval dated [●].
9. Shareholders' agreement dated February 14, 2009, among Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Avigo Trustee Company Private Limited, Avigo Venture Investments Limited, Metmin Investments Holdings Limited, Credit Suisse PE Asia Investments (Mauritius) Limited and our Company and supplementary shareholders' agreement dated September 29, 2009, among Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and Avigo Trustee Company Private Limited, Avigo Venture Investments Limited, Metmin Investments Holdings Limited, Credit Suisse PE Asia Investments (Mauritius) Limited, Bond Street Custodians Limited (in its capacity as custodians for Macquarie Asia Pacific Co-Investment Fund) and our Company.





10. Investment Agreement dated December 4, 2007, among Credit Suisse, Mr. Amul Gabrani, Mr. Ajay Kumar Bishnoi and our Company.
11. License agreement between Siebtechnik GmbH and our Company dated February 1, 2010.
12. License agreement between Maschinenfabrik Liezen Und Giesserei GmbH, and our Company dated July 21, 2009.
13. License agreement between PEYTEC Material Handling GmbH and our Company dated September 3, 2003.
14. License agreement between Hein, Lehmann, Trenn-und Fordertechnik GmbH, Krefeld, Germany and our Company dated September 2, 2005.
15. Co-operation agreement between MVW Lechtenberg Projektentwicklungs und Beteiligungsgesellschaft GmbH and our Company dated May 30, 2006.
16. License agreement between Won Duck Industrial Machinery Company Limited and our Company dated June 15, 2007.
17. License agreement entered into between FAM Magdeburger Forderanlagen und Baumaschinen GmbH and our Company dated September 3, 2004 along with amendment agreement dated July 24, 2009.
18. Memorandum of understanding between GEA EGI Contracting/Engineering Company Limited and our Company dated August 18, 2008.
19. Memorandum of understanding between Xiamen Longking Bulk Materials Science and Engineering Company Limited and our Company dated May 23, 2009.
20. Co-operation agreement between Greenbank Terotech Limited and our Company dated August 22, 2008.
21. Collaboration agreement between Trema Verfahrenstechnik GmbH and our Company dated April 25, 2007.
22. The audit reports of the Auditors, B S R & Co., Chartered Accountants, on our restated financial information, included in this Draft Red Herring Prospectus.
23. The audit report of More & More, Chartered Accountants on the financial information of Tecpro Ashtech Limited, included in this Draft Red Herring Prospectus.
24. Consent of the Auditors, B S R & Co., Chartered Accountants, as referred to, in their capacity and for inclusion of their audit reports on our restated financial information in the form and context in which it appears in this Draft Red Herring Prospectus.
25. Consent of the More & More, Chartered Accountants, as referred to, in their capacity and for inclusion of their audit report on the financial information of Tecpro Ashtech Limited in the form and context in which it appears in this Draft Red Herring Prospectus.
26. Consent of M/s R.G. Luthra & Co., Chartered Accountants, for inclusion of their Statement of Tax Benefits in the form and context in which it appears in this Draft Red Herring Prospectus.
27. Consents of the Bankers to the Company, BRLMs, Syndicate Member(s), Registrar to the Offer, Bankers to the Offer, Legal Counsel, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
28. Certificate issued by R.G. Luthra & Co., Chartered Accountants, dated April 10, 2010, certifying the working capital requirements of our Company.
29. Applications dated [●] for in-principle listing approvals from BSE and NSE, respectively.





30. In-principle listing approvals from BSE and NSE dated [●] and [●], respectively.
31. Agreement among NSDL, our Company and the Registrar to the Offer, dated November 22, 2006.
32. Agreement among CDSL, our Company and the Registrar to the Offer, dated November 12, 2007.
33. Due diligence certificate to SEBI from the BRLMs, dated April 28, 2010.
34. SEBI interim observation letter (Ref. No. [●]) dated [●] and our reply dated [●].
35. SEBI observation letter (Ref. No. [●]) dated [●] and our in-seriatim reply dated [●].
36. IPO Grading Report by [●] dated [●].

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 our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India, applicable, 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 made thereunder or regulations issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

### Signed by all Directors

---

1. Mr. Ajay Kumar Bishnoi

---

2. Mr. Amul Gabrani

---

3. Dr. Goldie Gabrani

---

4. Mr. Arvind Kumar Bishnoi

---

5. Mr. Amar Banerjee

---

6. Mr. Achal Ghai

---

7. Mr. Suresh Goenka

---

8. Mr. Brij Bhushan Kathuria

---

9. Mr. Satvinder Jeet Singh Sodhi

---

10. Mr. Anunay Kumar

---

11. Mr. Sakti Kumar Banerjee

---

12. Mr. Subrata Kumar Mitra

---

Date:  
April 28, 2010

Place:  
Gurgaon, Haryana

---

Mr. Kulbhushan Arora  
Chief Financial Officer



We, the Selling Shareholder, certify that the statements made by the Selling Shareholder in this Draft Red Herring Prospectus about or in relation to the Selling Shareholder and their Equity Shares being offered pursuant to the Offer for Sale are true and correct.

**Signed by the Selling Shareholder**

---

1. Metmin Investments Holdings Limited\*

---

*\*Authorised signatory*

Date: April 28, 2010