

OFFER DOCUMENT

Dated 23rd July, 2007

(Comprising Letter of Offer for the Rights Issue Component and Prospectus for the Public Issue Component)



DAGGER FORST TOOLS LIMITED

(The Company was incorporated on 4th May 1965 as Dagger Forst Tools Limited)

Registered Office: First Pokhran Road Thane – 400606

Tel: +91-22- 25882531/32/33/34; **Fax:** +91-22- 25882540; **Website:** www.daggerforst.com

Corporate Office: 1st Floor, Dalamal House, Nariman Point, Mumbai - 400 021. **Tel:** +91-22-2282 1173/74, **Fax:** +91-22-2204 7835

Contact person: Mr. Bhuvnesh Bansal, Company Secretary and Compliance Officer; **E-mail:** complianceofficer@daggerforst.com

COMPOSITE ISSUE OF 73,31,104 EQUITY SHARES OF RS.10/- EACH AGGREGATING TO RS. 2,900.00 LACS COMPRISING OF:

1. **RIGHTS ISSUE OF 33,24,954 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. 23 PER SHARE (i.e. AT A PRICE OF RS. 33 PER SHARE) AGGREGATING TO RS. 1,097.23 LACS TO THE EXISTING EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 5 EQUITY SHARES FOR EVERY 7 EQUITY SHARES HELD AS ON JULY 06, 2007 (RECORD DATE)**

2. **PUBLIC ISSUE OF 40,06,150 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 45 INCLUSIVE OF PREMIUM AGGREGATING TO RS. 1,802.77 LACS INCLUDING PROMOTERS CONTRIBUTION OF 4,00,000 EQUITY SHARES FOR CASH AT A PRICE OF RS. 45 INCLUSIVE OF PREMIUM AGGREGATING TO RS. 180.00 LACS. THUS NET OFFER TO PUBLIC IS 36,06,150 EQUITY SHARES FOR CASH AT A PRICE OF RS. 45 INCLUSIVE OF PREMIUM AGGREGATING TO RS. 1622.77 LACS**

THE FACE VALUE OF THE EQUITY SHARE IS RS. 10/- PER EQUITY SHARE AND THE RIGHTS ISSUE PRICE OF RS. 33 IS 3.3 TIMES OF THE FACE VALUE AND THE PUBLIC ISSUE PRICE OF RS. 45 IS 4.5 TIMES OF THE FACE VALUE.

THE NET PUBLIC ISSUE WOULD CONSTITUTE 30.09 % OF THE POST ISSUE PAID UP CAPITAL OF THE COMPANY.

GENERAL RISKS


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

GRADING

The issue has not been graded by any Credit Rating Agency

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Offer Document 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 Offer Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

| LEAD MANAGER | REGISTRAR TO THE ISSUE |
|--|---|
|  <p>CENTRUM CAPITAL LIMITED SEBI Regn No. INM000010445 UIN No. 100016915 AMBI Reg. No: AMBI /087 59, Krishna Chambers, Sir Vithaldas Thakersey Marg, New Marine Lines MUMBAI 400 020. Tel: +91-22- 4030 0500 • Fax: +91-22- 4030 0510 Website: www.centrum.co.in • Email: daggerforst@centrum.co.in Contact Person: Ms. Amandeep Sidhu</p> |  <p>INTIME SPECTRUM REGISTRY LIMITED SEBI Regn No. INR000003761 UIN No. 100002071 C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), MUMBAI 400 078. Tel: +91 - 22 - 2596 0320 • Fax: +91 - 22 -2596 0329 Website: www.intimespectrum.com Email: daggerforst@intimespectrum.com Contact Person: Mr. Vishwas Attavar</p> |

ISSUE SCHEDULE

| RIGHTS ISSUE | PUBLIC ISSUE |
|--|--|
| OPENS ON : 06TH AUGUST, 2007 | OPENS ON : 27TH AUGUST, 2007 |
| LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS : 20TH AUGUST, 2007 | CLOSES ON : 03RD SEPTEMBER, 2007 |
| CLOSES ON : 05TH SEPTEMBER, 2007 | |

LISTING

The existing equity shares of the company are listed on The Bombay Stock Exchange Limited, the Designated Stock Exchange. The Equity Shares to be issued through this issue will also be listed on the Bombay Stock Exchange Limited. The Company has received in-principle approval from the Stock Exchange for listings of the equity shares issued pursuant to the Rights Issue vide their letter no. DCS/PREF/SM/IP-RT/316/07-08 dated May 11, 2007. The company has received an in principle approval for listing of the equity shares issued pursuant to the Public Issue from the Stock Exchange vide their letter no. DCS/IPO/SC/IPO-IP/0236/2006-07 dated May 11, 2007.



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SECTION I: DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS:

| TERM | DESCRIPTION |
|--|--|
| Articles / Articles of Association / AoA | Articles of Association of the Company |
| Companies Act | The Companies Act, 1956, as amended from time to time for the time being in force |
| Depository | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time. |
| Depositories Act | The Depositories Act, 1996, as amended from time to time for the time being in force |
| Depository Participant | A depository participant as defined under the Depositories Act |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force |
| Financial Year/FY / Fiscal | Period of twelve months ended March 31 st of that particular year. |
| FIs | Financial Institutions |
| FII/ Foreign Institutional Investor | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IT Act | The Income-Tax Act, 1961, as amended from time to time and for the time being in force |
| Memorandum / Memorandum of Association / MoA | The Memorandum of Association of Dagger Forst Tools Limited |
| NRI / Non-Resident Indian | A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000. |
| OCB | Overseas Corporate Bodies |
| SCRR | Securities Contracts (Regulations) Rules, 1957 as amended from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force |
| SEBI Guidelines | SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time |

II. OFFERING-RELATED TERMS:

| TERM | DESCRIPTION |
|------------------------|---|
| Allotment | Unless the context otherwise requires, issue of equity shares pursuant to this Issue |
| Allottee | The successful applicant to whom the Equity Shares are being / or have been issued or transferred |
| Applicant | The prospective investor who makes an application pursuant to the terms of this Offer Document |
| Application Forms | The Form in terms of which the investors shall apply for the equity shares of the Company. |
| Banker(s) to the Issue | ICICI Bank Limited and HDFC Bank Limited |



| TERM | DESCRIPTION |
|---|---|
| Issue Opening Date | The date on which the issue opens for subscription. |
| Issue Closing Date | The date on which the issue closes for subscription. |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective applicants can submit their application forms |
| Lead Manager | Lead Manager to the Issue, in this case being CENTRUM CAPITAL LIMITED |
| BSE | The Bombay Stock Exchange Limited |
| CDSL | Central Depository Services Limited |
| D/E Ratio | Debt-Equity Ratio |
| Designated Stock Exchange | BSE |
| DP | Depository Participant |
| Offer Document | This Offer Document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of an Offer Document and will be filed with the RoC at least three days before the opening of the Issue. It will become an Offer Document after filing with the RoC after the pricing and allocation |
| Equity Shares | Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof |
| First Applicant | The applicant whose name appears first in the Application Form |
| GIR Number | General Index Registry Number |
| Right Issue | Right issue of 33,24,954 Equity Shares of Rs.10/- each for cash at the price of Rs. 33 in the ratio of 5 equity shares for 7 equity shares held by the Company in terms of the Offer Document |
| Fresh Issue/ Issue/ Offer/ Public Issue | Public Issue of 40,06,150 Equity Shares of Rs.10/- each for cash at the issue price of Rs. 45 aggregating to Rs. 1,802.77 lacs by the company in terms of the Offer Document. The Public Issue comprises Promoters' Contribution of 4,00,000 Equity Shares for cash at the issue price of Rs. 45 aggregating to Rs. 180.00 lacs. Thus the net offer to public will be 36,06,150 Equity Shares for cash at the issue price of Rs. 45 aggregating to Rs. 1622.77 lacs |
| Issuer | Dagger Forst Tools Limited |
| Issue Size | Rights issue of 33,24,954 equity shares of Rs. 10/- each for cash at a premium of Rs. 23 per share (i.e. at a price of Rs. 33 per share) aggregating to Rs. 1,097.23 lacs to the existing equity shareholders of the company in the ratio of 5 equity shares for every 7 equity shares held as on July 06, 2007 (record date) and Public Issue of 40,06,150 equity shares of Rs. 10/- each for cash at the issue price of Rs. 45 aggregating to Rs. 1,802.77 lacs by the company in terms of the Offer Document. The Public Issue comprises Promoters' Contribution of 4,00,000 Equity Shares for cash at the issue price of Rs. 45 aggregating to Rs. 180.00 lacs. Thus the net offer to public will be 36,06,150 Equity Shares for cash at the issue price of Rs. 45 aggregating to Rs. 1622.77 lacs. |
| Issue Price | The final price at which Equity Shares will be issued and allotted in terms of this Offer Document. |
| Non-Retail Applicants | The applicant who apply for the shares with the application money of more than Rs. 1,00,000/-. |
| Non-Retail Portion | Non retail portion is 50% of the net offer to public |



| TERM | DESCRIPTION |
|---|---|
| PAN | Permanent Account Number |
| RoC | Registrar of Companies, Mumbai. |
| Record Date | July 06, 2007 |
| Registrar / Registrar to the Issue | Registrar to the Issue, in this case being Intime Spectrum Registry Limited, having its registered office as indicated on the cover page of this Offer Document |
| Rights Entitlement | The number of Equity Shares that an Equity Shareholder is entitled to under this Offer Document in proportion to his/her/its existing shareholding in the Company as on the Record Date |
| Renouncees | The persons who have acquired the rights entitlements from Equity Shareholders |
| Retail Applicants/ Retail Individual Applicants | Retail Individual Applicants (including HUFs and NRIs) who have not applied for an amount more than Rs. 100,000 in the Issue |
| Retail Portion | Retail portion is atleast 50% of the net offer to public. |
| Stock Exchange | BSE |

III. COMPANY/ INDUSTRY-RELATED TERMS:

| TERM | DESCRIPTION |
|--|--|
| AGM | Annual General Meeting |
| AS | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| Auditors | The statutory auditors of the Company M/s Chaturvedi & Shah, Chartered Accountants and tax auditors of the Company M/s M.K. Sureka & Co., Chartered Accountants. |
| Dagger Forst Tools Limited/ DFTL/ We/ Us/ the Company/ the issue | Unless the context otherwise indicates or implies refers to Dagger Forst Tools Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at 1 st Pokhran Road, Thane 400 606, Maharashtra |
| Board of Directors | The Board of Directors of Dagger Forst Tools Limited or a committee thereof |
| Compliance Officer | Compliance Officer of the Company in this case being, Mr. Bhunesh Bansal, Company Secretary |
| Director(s) | Director(s) of the Company unless otherwise specified |
| Equity Shares | Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof |
| Equity Shareholders | Persons holding Equity shares of the Company unless otherwise specified in the context otherwise. |
| Face Value | Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each. |
| FVCI | Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 |
| Non-Resident | An applicant who is not an NRI or FII and not a person resident in India. |
| Promoter(s) | Persons whose name have been inserted as promoters as referred on page 72. |
| Registered Office of the Company | Registered Office of the Company situated at First Pokhran Road, Thane 400 606, Maharashtra India |

In the section entitled “Main Provisions of Articles of Association of the Company”, defined terms have the meaning given to such terms in the Articles of Association of the Company.



IV. ABBREVIATIONS:

| ABBREVIATION | FULL FORM |
|--------------|---|
| APFC | Assistant Provident Fund Commissioner |
| AY | Assessment Year |
| BIFR | Board For Industrial & Financial Reconstruction |
| CAF | Composite Application Form |
| CAGR | Compounded Annual Growth Rate |
| Capex | Capital Expenditure |
| Centrum | Centrum Capital Limited |
| CIN | Company Identity Number |
| CIT | Commissioner of Income Tax |
| CST | Commissioner of Sales Tax |
| DFTL | Dagger Forst Tools Ltd. |
| DGM | Deputy General Manager |
| DPID | Depository Participant Identification |
| EBDITA | Earnings Before Depreciation, Interest, Tax and Amortization |
| EGM | Extraordinary General Meeting |
| EO | Executive Officer |
| EPCG | Export Promotion Capital Goods Scheme |
| EPS | Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end. |
| EXIM | Export & Import |
| FCNR Account | Foreign Currency Non Resident Account |
| FIPB | Foreign Investment Promotion Board |
| FOB | Free On Board |
| GAAP | Generally Accepted Accounting Principles |
| GIR Number | General Index Registry Number |
| GoI | Government of India |
| G.M. | General Manager |
| HOD | Head Of Department |
| HR | Human Resources |
| HSS | High Speed Steel |
| HUF | Hindu Undivided Family |
| INR/ Rs | Indian National Rupee |
| ITAT | Income Tax Appellate Tribunal |
| Ltd. | Limited |
| MNC | Multi National Company |
| Mkt. | Market |



| ABBREVIATION | FULL FORM |
|--------------|---|
| MoU | Memorandum of Understanding |
| N. A. / n.a. | Not Applicable |
| NAV | Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares. |
| NRE Account | Non Resident External Account |
| NRI | Non-Resident Indian |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depositories Limited |
| OCB | Overseas Corporate Bodies |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| Pvt. | Private |
| RBI | The Reserve Bank of India |
| RoC | The Registrar of Companies, 100, Everest Building, Marine Lines, Mumbai – 400 020, Maharashtra. |
| RONW | Return on Net Worth |
| SEBI | Securities & Exchange Board of India |
| Sec. | Section |
| SIAM | Society Of Indian Automobile Manufacturers |
| SRO | Sub Regional Office |
| UIN | Unique Identification Number |
| ULIP | Unit Linked Insurance Plans |
| VCF | Venture Capital Funds |



SECTION II: RISK FACTORS

FORWARD-LOOKING STATEMENTS AND MARKET DATA:

Forward-looking Statements:

All statements contained in this Offer Document that are not statements of historical fact constitute “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “aspire”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- ❖ General economic and business conditions in India, and other countries where the company exports its products,
- ❖ The ability to successfully implement the strategy, the growth and expansion plans and technological changes;
- ❖ The size, timing and profitability of significant service projects and product sales; the mix of product revenues comprises of products viz. broaches, gauges, gear cutting tools and broach sharpening machines.
- ❖ The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees do not have immediate consequence at the existing level of operations.
- ❖ The ability to retain the clients and acquire new clients;
- ❖ Changes in the pricing policies or those of the competitors;
- ❖ Cancellations, contract terminations or deferrals of projects;
- ❖ Unanticipated variations in the duration, size and scope of the projects;
- ❖ Changes in the value of the Rupee and other currencies;
- ❖ Changes in laws and regulations that apply to the industry under which the company is operating; and
- ❖ Changes in the political and social conditions in India.

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

The financial data in this Offer document is derived from the financial statements prepared in accordance with the Indian GAAP included on page 83 in this Offer document. The reference to financial information is to the financial information under Indian GAAP. At present the financial year commences on April 1 and ends on March 31. In this Offer document, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

MARKET DATA

Market data used throughout this Offer document was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Offer document is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.



RISK FACTORS

An investment in equity shares involves high degree of risk. Prospective investors should carefully consider all the information in this Offer Document including the risks described below, in addition to the other information contained in this Offer Document, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

Materiality:

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

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

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

A. RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

1 AUDIT QUALIFICATIONS PROVIDED BY THE AUDITORS

Following are the audit qualifications provided by the Auditors:

- a) The company has pursuant to the order dated 4th November 2004, passed by the Hon'ble High Court of judicature at Mumbai under the Scheme of Arrangement as per the provisions of section 78, 100, 391 and 394 of the Companies Act, 1956 in its accounts for the period ended 30th June, 2004, as provided under the said Scheme of Arrangement, transferred the amount of security premium of Rs.571.56 lacs, cash subsidy of Rs.15.00 lacs and revaluation reserve of Rs.2,370.37 lacs aggregating to Rs.2,956.93 lacs to "Reconstruction Reserve Account" and after adjusting /writing off there against the amount of debit balance of Profit & Loss Account as on 31-03-2003 of Rs.231.82 lacs, miscellaneous expenditure to the extent not written off as on 31-03-2003 of Rs.150.52 lacs, impairment in the value of unsaleable / old stock of finished goods and work-in-progress of Rs. 110.30 lacs, diminution in the value of investments other than of temporary nature written off of Rs. 410.15 lacs, sundry debtors considered doubtful of recovery written off of Rs. 111.33 lacs and loans & advances considered doubtful of recovery written off of Rs.243.31 lacs, aggregating to Rs.1,257.43 lacs transferred the residuary balance in the reconstruction reserve account of Rs.1,699.50 lacs to general reserve account.

As the impairment in the value of unsaleable / old stock of finished goods and work in progress of Rs 110.30 lacs and sundry debtors considered doubtful of recovery Rs 111.33 lacs has been written off against reconstruction reserve account, adjustment in respect of the same has not been made in the Profit & Loss Account for the year ended 30th June 2004, and since the revaluation reserve has been transferred to reconstruction reserve account as per the Scheme of Arrangement as stated herein above, the revaluation reserve account shows 'nil' balance as at 30th June 2004, and hence no adjustment has been made in respect thereof from the value of fixed assets as at 30th June 2004 in the summary statement of assets and liabilities, as restated.

- b) Cost of finished goods and work in progress is determined by using the retail method whereby the cost is computed by reducing from the sales value of the inventory, the global gross margin which is not as per Accounting Standard AS-2 on "Valuation of Inventories" issued by the Institute of Chartered Accountants of India.

The impact of this on the summary statement of profits and losses, as restated is not quantifiable.



- c) In respect of provision for employee benefits, the Company has not made provisions in accordance with the Accounting Standard (AS 15) on Employee Benefits issued by the Institute of Chartered Accountants of India. The impact of the same, on the summary statement of profits and losses, as restated is not quantifiable.

2 OUTSTANDING LITIGATIONS

Litigations Involving the Company

Filed against the Company:

- **Pertaining to Securities laws:**

a. Show Cause notice issued by SEBI on the Company

Case History:

SEBI had issued - summons vide letter nos. IES/ID5/RM/3631/2003 dated 14th February, 2003, letter nos. IES/ID5/RM/6045/2003, IES/ID5/RM/7666/2003 dated 25th March, 2003 and 22nd April, 2003, respectively, and summons vide letter no. 31447/2005 dated 18th January, 2005 with reference to investigation with regard to the dealing in shares of Dagger Forst Tools Ltd. (DFTL). All the above mentioned letters were clarified by the Company to SEBI.

Further, Show Cause notice no. IVD/ID-5/MSR/CM/56759/2005 was issued by SEBI on 30th December, 2005 to show cause as to why appropriate action under Section 11B and Section 11(4) of the SEBI Act, 1992 should not be passed against DFTL for violations of the provisions of Regulations 7(3) & 8(3) of SEBI (SAST) Regulations, 1997.

Reply to the Show Cause notice was given by Company on January 12, 2006. After considering the facts of the case, reply of the Company and other documents on record, SEBI disposed off the Show Cause notice no. IVD/ID-5/MSR/CM/56759/2005 dated 30th December, 2005 vide its order no. WTM/VKC/ID-5/16/06 dated 24th November, 2006 stating that there was no reason to issue any directions against M/s Dagger Forst Tools Limited either as prescribed under Regulations 44 and 45 of SEBI (SAST) Regulations, 1997 or as per Section 11(4) and 11B of SEBI Act, 1992.

- **Pertaining to Statutory Laws:**

Provident Fund Dispute

| Party | Assessing Authority | Date Instituted | Claim Amount (Rs. In lacs) |
|---|--|------------------------------|----------------------------|
| Assistant P.F. Commissioner, The Employees Provident Fund Organisation, Maharashtra, Sub-Regional Office, Aurangabad. | The Employees Provident Fund Appellate Tribunal, Aurangabad. | 31 st March, 2003 | 2.35 |

For details please refer page 146 under "Section VI: Legal and Other Information" of this Offer Document.

Filed by the Company:

- **Pertaining to Criminal Laws:**

| Sr. No. | Name of the Opposite Party | Place of Litigation | Court before which Litigation is Pending | Date Instituted | Claim Amount (Rs. In lacs) |
|---------|----------------------------|---------------------|---|-----------------------------|----------------------------|
| 1 | Midindia Oil & Exports Ltd | Mumbai | Small Cause Court, Mumbai | 23 rd June, 1995 | 56.62 |
| 2 | Vikram Projects Ltd | Mumbai | Additional Chief Metropolitan magistrate Court, Dadar, Mumbai | 03 rd June, 1996 | 2.51 |

For details please refer page 147 under "Section VI: Legal and Other Information" of this Offer Document.



- **Pertaining to Statutory Laws:**

a. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|-------------------------------------|
| Fonderia Perucchini | International Court |

Dagger Forst Tools Limited, one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of liability to be paid by Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer page 147 under “Section VI: Legal and Other Information” of this Offer Document.

LITIGATIONS INVOLVING PROMOTER/DIRECTOR

I. Mr. Yashovardhan Birla:

Filed by Mr. Yashovardhan Birla

- **Pertaining to Statutory Laws:**

a. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|-------------------------------------|
| Fonderia Perucchini | International Court |

Mr. Yashovardhan Birla, one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer page 147 under “Section VI: Legal and Other Information” of this Offer Document.

II. Godavari Corporation Pvt. Ltd:

Filed against Godavari Corporation Pvt. Ltd

- **Pertaining to Securities laws:**

1. Order issued by SEBI against Schimtar Investment and Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Ltd.)

On 5th January, 2007, SEBI has passed an order against Schimtar Investment and Trading Corporation Limited (now amalgamated with Godavari Corporation Private Limited) wherein Schimtar has been barred from buying, selling and dealing or accessing the securities market in any manner for a period of six months from the date of the order.

Schimtar Investment Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Limited) preferred an appeal with Securities Appellate Tribunal (SAT) on the above order by SEBI and SAT has issued stay order on 2nd February, 2007.

For details of this case, please refer page 149 under “Section VI: Legal and Other Information” of this Offer Document.



Filed by Godavari Corporation Pvt. Ltd

● Pertaining to Criminal Laws: (Recovery Case)

| Sr. No. | Name of the Opposite Party | Place of Litigation | Court before which Litigation is Pending | Date Instituted | Claim Amount (Rs. In lacs) | Particulars | Status |
|---------|----------------------------|---------------------|--|--------------------------------|----------------------------|--|---------------------------------|
| 1 | Mr. B. L. Jain | Mumbai | Additional Metropolitan Magistrate, 33 rd Court at Ballard Pier, Mumbai | 18 th January, 2000 | 25.00 | Loan against shares was given to Mr. B. L. Jain. He issued cheques which were bounced. Case has been filed under Section 138 of Negotiable Instruments Act for dishonour of cheques. The case is still pending | Next date of hearing is awaited |

● Pertaining to Statutory Laws:

a. Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Claim Amount (Rs. in lacs) | Status |
|---------|---|-------------------------------|---------------------------------|---|--|
| 1 | Assessment Year 1997-1998 u/s 143(3) by Joint Commissioner of Income Tax S.R 6 u/s 147. By Income Tax Officer 1(1)(4) | Income Tax Appellate Tribunal | 07 th July, 2005 | Rs 25.44 lacs in the matter of Interest, Ready Shares & Speculation Loss. | The hearing is awaited |
| 2 | Assessment Year 1998-1999 u/s 143(3) Joint Commissioner of Income Tax SR-6 | Income Tax Appellate Tribunal | 23 rd February, 2005 | Rs 69.67 lacs in the matter of Interest. | The hearing is awaited |
| 3 | A.Y. 2001-2002 | CIT Appeal (1) | 10 th April, 2006 | In the matter of rent & Legal & Professional fees. | The hearing was on 17 th July, 2007 |
| 4 | A.Y. 2003-2004 | CIT Appeal (1) | 14 th March, 2006 | Rs. 172.23 lacs in the matter of Expenses & Sales Tax Liability. | The hearing was on 7 th July, 2007 |

b. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|------------------------------|
| Fonderia Perucchini | International Court |

Godavari Corporation Pvt. Ltd., one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer page 147 under "Section VI: Legal and Other Information" of this Offer Document.

III. Birla Bombay Private Ltd

Filed against Birla Bombay Private Ltd

● Pertaining to Statutory Laws:

a. Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Claim Amount (Rs. in lacs) | Status |
|---------|-----------------------------|-------------------------------|--------------------------------|----------------------------|---|
| 1 | Assessment Year 1998-1999 | Income Tax Appellate Tribunal | 26 th May, 2004 | 24.77 | Date of hearing was on 9 th July, 2007 |
| 2 | Assessment Year 2001-2002 | Income Tax Appellate Tribunal | 13 th June, 2005 | 4.96 | No date fixed |
| 3 | Assessment Year 2001-2002 | Income Tax Appellate Tribunal | 24 th January, 2006 | 6.12 | No date fixed |



IV. Shearson Investment & Trading Company Pvt. Ltd

Filed by Shearson Investment & Trading Company Pvt. Ltd

Pertaining to Statutory Laws:

a. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|------------------------------|
| Fonderia Perucchini | International Court |

Shearson Investment & Trading Company Pvt. Ltd., one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer page 147 under "Section VI: Legal and Other Information" of this Offer Document.

V. Asian Distributors Limited -

● Pertaining to Civil Laws:

Recovery Case:

| Sr. No. | Name of the Opposite Party | Place of Litigation | Court before which Litigation is Pending | Year | Claim Amount (Rs. In lacs) | Status |
|---------|----------------------------|---------------------|--|------|----------------------------|---------------------------------|
| 1 | Gurunanak Industries | Mumbai | High Court | 1994 | 2.73 | Next Date of hearing is awaited |

VII. Birla Cotsyn (India) Ltd.) (Formerly known as Birla Agro Pvt. Ltd.)

Filed against Birla Cotsyn (India) Limited

Pertaining to Labour Laws:

| Sr. No | Name of oppositeParty | Court before which Litigation is pending | DateInstituted | Particulars |
|--------|----------------------------|--|----------------|---|
| 1 | Mr. Prabhakar Mane | Industrial Court, Yavatmal | Aug' 2006 | Unfair Labour Practice and for Re-instatement |
| 2. | Ms. Lifayatbi ShaikhRehman | Labour Court, Yavatmal | Aug' 2006 | Unfair Labour Practice |

Filed by Birla Cotsyn (India) Ltd.:

- 1) A case has been filed by Birla Cotsyn (India) Ltd. at Dhulia Civil Court towards encroachment into company's plot of land against Mr. Ramarao Patil. The Commissioner appointed by the Court in his report submitted that the construction made by Mr. Patil is illegal. The date of hearing was 17th July, 2007.
- 2) The cases were filed at Ghatanji Civil Court towards encroachment into the Company's plot of land against certain persons. The Court has given judgment in company's favour but still possession formalities are pending.

For name of persons against whom the cases are pending please refer page 152 under "Section VI: Legal and Other Information" of this Offer Document.

LITIGATIONS INVOLVING GROUP COMPANIES

For detailed Litigations involving the Group Companies please refer page 153 under section "Outstanding Litigations and Material Developments".



SHOW CAUSE NOTICE ISSUED BY BSE TO BIRLA LEASING & INFRASTRUCTURE LIMITED:

Birla Capital & Financial Services Ltd (now known as Birla Leasing & Infrastructure Ltd), one of the Group Companies of Dagger Forst Tools Limited, has been served a show cause notice by Bombay Stock Exchange Limited vide its communication dated March 07, 2007 for non compliance of provisions of the listing agreement. For further details please refer section titled 'Outstanding Litigations and Material Developments' on page 160 of this Offer Document.

3 THE ISSUER COMPANY IS YET TO PLACE ORDERS FOR MACHINERY REQUIRED AND IS YET TO ENTER INTO CONTRACT FOR CIVIL WORK FOR IMPLEMENTATION OF THE PROJECT

The total cost of machinery for the proposed project to be set up at Aurangabad is Rs. 1365.50 lacs (i.e. 64.11% of the total cost of project at Aurangabad). The Company has not placed orders for any of the machineries to be purchased for setting up the Aurangabad Project. Also, the Company has not entered into any contract for civil works of Rs. 120.00 lacs out of the total project cost. The order will be placed for machinery between November and December 2007 and contract for civil work will be executed in October 2007. If there is any delay in placing the order or entering into contract, then there could be a delay in commencement of commercial production and might have an adverse impact on the profitability of the Company.

4 POSSIBLE DELAY IN PROJECT IMPLEMENTATION WILL LEAD TO COST OVERRUN

Any delay in the implementation of the Project at Aurangabad or delay in commencement of commercial production could lead to cost overrun making the Project unviable.

5 PART OF THE FUNDS RAISED THROUGH COMPOSITE ISSUE WILL BE UTILISED FOR REPAYMENT OF UNSECURED LOAN RAISED FROM THE ONE OF THE PROMOTER, NIRVED TRADER PRIVATE LTD.

Out of the total funds to be raised through the composite issue i.e. Rs.2900 Lacs, the Company will repay unsecured loan of Rs. 470.14 lacs raised by the Company for setting up the Gandhidham Project from Nirved Traders Private Limited, one of the Promoter Company. Hence only Rs. 2429.86 lacs will be available for utilisation by the Company.

6 THE COMPANY IS EXPANDING INTO MACHINING FACILITY WHERE PROMOTERS DO NOT HAVE ANY EXPERIENCE

The Company's proposed project at Aurangabad is to provide the machining facility for castings. Neither the Company nor the Promoters have prior experience of the same. Lack of experience in machining business could have an adverse impact on the business and operations of the Company.

Management Perception: One of the group companies of the Company, Birla Perucchini is in the business of producing castings at Aurangabad. DFTL is planning to machine the castings of Birla Perucchini and also intends to take up job work from them. Therefore, as the client, Birla Perucchini is captive, the impact of lack of experience in machining would be minimal.

7 COST OF MISCELLANEOUS FIXED ASSETS FOR THE AURANGABAD PROJECT IS BASED ON COMPANY ESTIMATES WHICH MIGHT VARY FROM THE ACTUAL COST

The miscellaneous fixed assets whose quotations have not been received are based on estimates of the Company and any escalation in the cost of the project will have an adverse impact on the implementation of the project.

Management Perception: The Company while estimating the cost of machinery has made sufficient provision for escalations and contingencies.

8 THE COMPANY IS DEPENDENT ON THIS COMPOSITE ISSUE FOR THE PROPOSED PROJECT AT AURANGABAD AND ANY DELAY OR FAILURE OF THE SAME WILL ADVERSELY AFFECT THE IMPLEMENTATION OF THE PROJECT.

The funding of proposed project at Aurangabad is largely dependent on the composite issue through this Offer Document. If there is any delay/failure of the same, it may adversely impact implementation of the project.



Management Perception: The Company will try to make alternate funding arrangements through an equitable mix of secured/ unsecured loans and contribution from the promoters, if there is any eventuality such as delay or failure of this composite issue.

9 RECRUITMENT OF MAN POWER HAS NOT COMMENCED FOR THE AURANGABAD PROJECT. ANY DELAY IN RECRUITMENT WILL MAJORLY AFFECT THE IMPLEMENTATION OF THE PROJECT.

The Company has not started recruitment for its Aurangabad Project.

The commercial production at the Aurangabad Project will begin in November 2008 and recruitment procedure for the same will begin in October 2007.

10 THE PROMOTER / GROUP / ASSOCIATE COMPANIES OF DFTL HAVE INCURRED LOSSES IN THE PREVIOUS YEARS. ANY FINANCIAL OR OTHER ARRANGEMENT WITH THE PROMOTER/GROUP/ ASSOCIATE COMPANY WILL HAVE AN ADVERSE IMPACT ON THE OPERATIONS OF THE COMPANY.

The following promoter/group/associate companies have incurred losses during the previous year ended 31st March 2006, 31st March 2005 and 31st March 2004.

(Rs. In Lacs)

| Sr. No | Name of the company | FY 2006 | FY 2005 | FY 2004 |
|--------|--|---------|---------|---------|
| 1 | Birla International Private Limited | - | 31.03 | 116.12 |
| 2 | Shearson Investment & trading Company Pvt. Ltd. | - | 53.96 | 119.17 |
| 3 | Birla Transasia Carpets Limited | 258.40 | 263.17 | 252.93 |
| 4 | Birla Perucchini Limited | 26.94 | 64.68 | 394.30 |
| 5 | Birla Electricals Limited | 874.63 | 39.36 | 154.70 |
| 6 | Godavari Corporation Private Limited | 26.99 | 44.99 | - |
| 7 | Shloka Publication Private Limited | 43.18 | 30.94 | - |
| 8 | Birla Lifestyles Private Limited | - | 4.72 | - |
| 9 | Shloka Infotech Ltd. | - | - | 115.69 |
| 10 | Birla Leasing & Infrastructure Ltd.(Formerly known as Birla Capital and Financial Services Ltd.) | - | - | 24.21 |
| 11 | BCI International Ltd. | 4.90 | - | - |

Management Perception: There are no financial or other arrangements between the above companies and DFTL except Birla Perucchini where DFTL has given a corporate guarantee for loan taken by Birla Perucchini from Bank of Maharashtra and IDBI. Therefore, the losses of these companies will not affect the books of DFTL. The company and its promoters have no common pursuits with these companies and the purchases / sales between them do not exceed 10% of the total sales or purchases of DFTL.

As far as corporate guarantee is concerned Birla Perucchini has been declared as a sick company and has made a one time settlement with Bank of Maharashtra and IDBI.

11 SOME OF THE GROUP COMPANIES OF DFTL NAMELY BIRLA TRANSASIA CARPETS LTD., BIRLA ELECTRICALS LTD., BIRLA PERUCCHINI LTD., HAVE NEGATIVE NETWORKTH

The following group companies have negative networkth for the last three years:

(Rs. in Lakhs)

| Particulars | FY 2006 | FY 2005 | FY 2004 |
|---------------------------------|----------|----------|----------|
| Birla Transasia Carpets Limited | -2423.19 | -2164.70 | -1901.53 |
| Birla Electricals Limited | -1012.37 | -198.12 | -188.98 |
| Birla Perucchini Limited | -1702.52 | -1675.57 | -1612.78 |



12 SOME OF THE GROUP COMPANIES OF DFTL NAMELY BIRLA TRANSASIA CARPETS LIMITED AND BIRLA PERUCCHINI LIMITED HAVE BEEN DECLARED AS SICK COMPANIES WITHIN THE MEANING OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1995

Two group companies i.e. Birla Transasia Carpets Ltd. and Birla Perucchini Ltd. have been declared as sick companies. Birla Transasia has also defaulted in payment of loans to its Bankers.

13 LIKELIHOOD OF DISCONTINUANCE OF EMPLOYMENT BY KEY TECHNICAL AND MANAGERIAL PERSONNEL WILL HAVE A MATERIAL ADVERSE EFFECT ON THE COMPANY

The Company is highly dependent on the senior members of its technical and management team and other members of senior management. Its future performance may be affected by any disruptions in the continued service of these persons. The Company may not be able to retain such senior technical and management personnel or attract and retain new senior technical and management personnel in the future. The loss of any members of its senior management or other key personnel may have a material adverse effect on its business, results of operations and financial condition.

Management Perception: The Company has a structured recruitment and retention policy. The management of the Company has also devised a succession policy at all levels of management and does not foresee any adverse impact on the operations of the company in such circumstances.

14 THE COMPANY HAS NOT YET OBTAINED STATUTORY APPROVALS REQUIRED FOR IMPLEMENTING THE PROPOSED PROJECT TO BE SET UP AT AURANGABAD WHICH MIGHT LEAD TO DELAY IN COMMENCEMENT OF PROJECT.

The Company has not applied for the statutory approvals to be taken from the Government, which are required for implementing the project at Aurangabad. The Company is planning to apply for the government approvals from October 2007. If there is any delay in obtaining the approvals from the Government then there would be delay in implementation of the project

15 THE PROPOSED PROJECT AT AURANGABAD HAS NOT BEEN APPRAISED BY ANY BANK OR FINANCIAL INSTITUTION

The company has estimated the total fund requirement and funding plan internally and the project has not been appraised by any bank or financial institution.

16 THE MATERIALISATION OF ANY OF THE CONTINGENT LIABILITIES OF THE COMPANY MAY ADVERSELY AFFECT THE FINANCIAL CONDITION OF THE COMPANY

(Rs. In lacs)

| Particulars | 31.03.07 12 Months | 31.03.06 9 Months | 30.06.05 12 Months |
|---|-----------------------|----------------------|-----------------------|
| a) Corporate Guarantees outstanding | 875.00 | 875.00 | 875.00 |
| b) Disputed Sales Tax, Excise Duty and Income Tax, under appeal | 6.49 | 6.49 | 14.04 |
| c) Claims against the Company not acknowledged as debts | 4.13 | 4.13 | 4.13 |

The Company has given a corporate guarantee for loan taken by Birla Perucchini from Bank of Maharashtra and IDBI. As far as liability with regards to corporate guarantee given is concerned the company does not foresee any claims to arise in near future since Birla Perucchini has been declared as a sick company and has made one time settlement of loan with Bank of Maharashtra and IDBI.

17 THE FINANCIAL DATA IS NOT COMPARABLE DUE TO FREQUENT CHANGE IN FINANCIAL PERIOD

The financial statements are for different accounting periods and are, therefore, not comparable and as a result of which the performance of the Company over a period of time cannot be analysed. Hence, it would be difficult to interpret the financial factors of the Company



18 ANY LABOUR UNREST COULD SIGNIFICANTLY AFFECT THE WORKING OF THE COMPANY

The workers at the Thane plant of the company are represented by Union “Bhartiya Kamgar Karamchari Maha Sangh”, whereas “Bhartiya Kamgar Sangh” represents the Broach division at Aurangabad and “Association of Engineering Workers” represents the Gear cutting tools division. Any strike by any union in any of these plants could significantly affect the production.

Management Perception: The Company has cordial relationship with the workers and the union in all the plants mentioned above and has not seen any labor unrest for more than 15 years. The Company does not foresee any labour unrest under the present circumstances that could have an impact on the operations of the company

19 DEPENDENCE ON LIMITED NUMBER OF SUPPLIERS AND NO LONG TERM CONTRACTS FOR SUPPLY OF RAW MATERIALS MIGHT LEAD TO DELAY OR SHORTAGE IN SUPPLY

The Company has been dependant on limited suppliers namely GKW Powmax in local market and Bohler, Thyssen France, Edelstahl & Erasteel etc in global market. Also there is no long term contract with these suppliers due to which the Company might face the risk of delay or stoppage of supply of raw material.

Management Perception: The Company has been in this line of business for last 39 years and during this time span, the Company has not faced any problem of delay or shortage in supply of raw material. Hence the Company does not foresee any problem with respect to procurement of raw material in future.

20 SHORTFALL IN PROMISE V/S PERFORMANCE OF THE COMPANY

Promises V/s Performance relating to the Issues made by the Company:

PROMISE V/S PERFORMANCE – Rights Issue-1992

In the year 1992, the Company made a Rights Issue of Equity Shares at a premium of Rs 20 per share aggregating Rs 655 lacs to part-finance the cost of

- Modernisation /Renovation of various plants of the Company
- Redemption of Debentures and repayment of long-term liabilities
- Setting up anew project to manufacture induction hardened rolls and
- To augment long term resources of the Company,

As per the above objects, the Company implemented the modernization project and redeemed the debentures/ long-term loans as per schedule. However, the company abandoned the project for manufacture of induction-hardened rolls as the same was found to be commercially unviable. The Cost of the project was Rs 225 lacs, and the money raised against this project was utilized for further modernization of the existing units as well as for augmenting the long-term resources of the Company.

Actual Performance vis-à-vis Projections in the Letter of Offer.

(Rs. In Lacs)

| Year ending March, 31 | Projections | | | Actuals | | |
|--------------------------|-------------|----------|----------|----------|----------|----------|
| | 1994 | 1995 | 1996 | 1994 | 1995 | 1996 |
| Sales | 1,173.00 | 1,263.00 | 1,351.00 | 1,205.60 | 1,340.74 | 1,894.09 |
| Profit before Tax | 120.00 | 151.00 | 172.00 | 78.60 | 160.22 | 271.30 |
| Profit After Tax | 89.00 | 98.00 | 104.00 | 72.60 | 76.73 | 245.30 |

PROMISE V/S PERFORMANCE – Rights Issue-1996

Since no financial projections were given in the Rights Issue Offer Document of 1996, no comparison is necessary.



As regards Schedule of Implementation of the modernization-cum-expansion project, the same is given below:

| Sr. No. | Activity | Projected Completion | Actual Completion | Reason for Variation |
|---------|------------------------------------|----------------------|-------------------|---|
| 1. | Civil Construction of Building | August, 1996 | August, 1996 | — |
| 2. | Delivery of main Plant & Machinery | January, 1997 | September, 1997 | Suppliers delayed supply of the machine. |
| 3. | Trial Run & Commercial Production | February, 1997 | October, 1997 | Due to delay in supply of some of the machines. |

As it is a modernization-cum-expansion project, Trial Run & Commercial Production commenced on installation of machines.

21 INABILITY TO FULFILL MANDATORY EXPORT OBLIGATIONS WILL HAVE AN ADVERSE EFFECT ON THE CASH FLOWS

The Company is under an obligation to Export products – Broaches, Hobs, Shaving Shaper Cutters, Gauges, Broach Sharpening machine (Cutting Tools) worth US\$ 8.58 millions (Rs. 507.07 lacs) i.e. 8 times the duty saved of Capital Goods on FOB basis within a period of 8 years. In the last one year the total export obligation fulfilled by Company is US \$ 0.53million which is 6.59% of the total obligation. The balance export obligation to be fulfilled is US \$ 8.04 million.

If the company is unable to meet these export obligations, it will be subject to monetary liabilities which will be levied on unfulfilled export obligation plus an interest of 15% p.a. This could have an adverse effect on the cash flows.

22 LOW LIQUIDITY OF SHARES OF ONE OF THE GROUP COMPANIES

Shares of one of the group companies namely Birla Transasia Carpet Ltd, are not frequently traded on the Stock Exchange.

23 DEPLOYMENT OF FUNDS PENDING UTILISATION

Pending utilization of funds, the investors may incur opportunity cost for their funds

Management Perception: Pending utilization, the proceeds of the issue will be invested in less productive assets such as bank deposits and / or Gilt Edged Government securities, either directly or through Mutual Funds.

24 ONE OF THE PROMOTER COMPANIES, BIRLA INTERNATIONAL PRIVATE LIMITED, HAS TRANSFERRED ITS SHAREHOLDING IN DAGGER FORST TOOLS LIMITED AT A PRICE LESS THAN THE PROPOSED PUBLIC ISSUE PRICE

Pursuant to the Scheme of Arrangement approved by Honourable High Court, Mumbai on February 02, 2007, between Birla International Private Limited and Nirved Traders Private Limited, 8,10,330 Equity Shares and 3,00,000 Equity Shares of Dagger Forst Tools Limited held by Birla International Private Limited has been transferred to Nirved Traders Private Limited at the cost of Rs. 32.12 per share on 13th June, 2007 and July 05, 2007 respectively. The cost of acquisition of Nirved Trader Private Limited is less than the Public Issue Price.

For details of Scheme of Arrangement please refer point no. 7 under the heading “Capital Structure” on page 14 of this Offer Document

25 EXCHANGE RATE FLUCTUATION RISK FOR THE MACHINERY TO BE IMPORTED

The equipment / machinery the company intends to deploy are expected to be imported and are to be paid for in foreign currency. Fluctuations in foreign exchange rates may adversely affect the cost of project. The company has not entered into any hedging agreement for minimizing the exchange rate risk and in the event of rates changing adversely the project cost will rise.



26 NEGATIVE NET CASHFLOW

The company has incurred negative cash flows in following category & financial years

- Negative net operating cash flows of Rs. -218.83 lacs in the FY 2002
- Negative cash flow from investment activities in the following years:

(Amount Rs. in Lacs)

| For the Period Ended 30 th June 2004 | For the Period 30 th June 2005 | For the Period 31 st March 2006 | For the Period 31 st March 2007 |
|---|---|--|--|
| -56.68 | -258.14 | -1973.09 | -394.35 |

- Negative cash flow from financing activities in the following years

(Amount Rs. in Lacs)

| For the period ended 31 st March 2003 | For the Period Ended 30 th June 2004 | For the Period Ended 30 th June 2005 |
|---|--|--|
| -289.41 | -471.46 | -220.50 |

7 RESTRICTIVE COVENANTS IN LOAN AGREEMENTS

There are restrictive covenants in the agreements for short term and long-term borrowings from banks, among other things, which require the Company to obtain the approval of these banks or provide restrictions, namely for, issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends at any time while the Company is in default, undertaking material diversification in the business of other companies or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit Company's ability to borrow additional money. The Company cannot assure the shareholders that its lenders will provide it with these approvals in the future.

8 FURTHER ISSUE OF EQUITY SHARES MAY AFFECT THE MARKET PRICE

Investors/shareholders applying for the Equity Shares in this Issue may experience dilution of their shareholding to the extent the Company makes future equity offerings to satisfy the capital needs of the company for any further expansion. Further issue of Equity Shares may also affect the market price.

In case the Company decides to raise additional funds through the issuance of Equity, the same would be done for further value creation for the shareholders of the Company and after taking adequate consent from them.

B. RISK FACTORS EXTERNAL TO THE COMPANY:

1 THE COMPANY'S PERFORMANCE IS LINKED TO THE PERFORMANCE OF THE INDIAN ECONOMY AND PASSENGER CAR INDUSTRY IN INDIA

Demand for passenger cars can be adversely affected by factors such as an increase in fuel prices, macro economic performance, and competition from alternative modes of transport. The Company is mainly dependent on Passenger car industry in India for selling its products. Excess capacity in the passenger car industry will intensify competitive pricing pressure, which will in turn have an adverse impact on the results of operations. Should the automobile industry soften their demand or interest rates increase, the profitability may be affected. In addition, these conditions may have an adverse impact on the performance of the financial markets in India and may cause the market price of the equity shares on the Indian stock exchanges to decline in the future.

2 INCREASE IN THE COST OF RAW MATERIAL

Raw material prices keep fluctuating on a weekly basis and they have been rising continuously. For the period ended 31st March, 2006 and 31st March, 2007 the raw material formed approximately 24% and 22%, respectively of the total expenditure. Any increase in the cost of raw materials may have a material adverse impact on the results of operations of the Company.



Management Perception: The Company does not foresee any impact of increase in raw material prices on the profitability of the Company since it is in position to pass on the increase in cost to the customers.

3 GLOBALLY COMPETITIVE ENVIRONMENT:

The Company operates in a globally competitive business environment. Growing competition may force it to reduce the price of its products which may reduce its revenues and margins and / or decrease its market share, either of which could have a materially adverse effect on its business, financial condition and results of operations.

Management Perception: The Company endeavors to increase the scope, volume and value of business in a competitive and risk-prone environment. It may rationalize its product and service offerings from time to time to leverage core competency and maintain competitiveness.

4 DISRUPTION IN SUPPLY OF POWER OR FUEL

If the supply of power or fuel needed to generate power is interrupted it could disrupt the production process.

Management Perception: In case there is shortage of power the Company has the provision of diesel generator sets. In case there is shortage of water we have a provision of borewell, which is sufficient to manage the production activities.

5 PERFORMANCE LINKED TO STABILITY OF POLICIES & POLITICAL SITUATION IN INDIA

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and the deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt the Company's business and economic conditions in India. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks in the future could have an impact on the Indian companies, including the Equity Shares and the market for the Company's offering.

The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced policies and taken initiatives that support the continued economic liberalization.

6 TERRORIST ATTACKS, DROUGHT, FLOODS ETC. MAY ADVERSELY AFFECT THE FINANCIAL MARKETS IN INDIA

Terrorist attacks, such as the ones that occurred in New York & Washington, D.C. on September 11, 2001 and New Delhi on December 13, 2001 and Bali on October 12, 2002 and other acts of violence or war including those involving India, the United States or other countries, may adversely affect Indian and World wide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

More generally, any of these events could adversely affect fuel prices, cause consumer spending to decrease, cause increased volatility in the financial markets and have an adverse impact on the economies of India and other countries, including economic recession.

7 CHANGES IN THE DOMESTIC TAX LAWS:

Any changes in the tax laws in India particularly income tax might lead to increased Tax Liability of the Company thereby putting pressures on profitability.

8 POST-ISSUE VOLATILITY IN PRICES OF THE SCRIPT:

The price of the Company's equity shares in Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- a) Volatility in the Indian and Global securities market;



- b) The results of operations and performance;
- c) Perceptions about the Company's future performance or the performance of other Indian companies in the same industry;
- d) Performance of the Company's competitors in the industry and market perception of investments in the sector;
- e) Adverse media reports on the Company or on the industry;
- f) Change in the estimates of the Company's performance or recommendations by financial analysts;
- g) Significant development in India's economic liberalization and deregulation policies; and
- h) Significant development in India's fiscal and environmental regulations.

There can be no assurance that an active trading market for the equity shares will develop or be sustained after this Issue, or that prices at which the Company's equity shares are initially offered will correspond to the prices at which the Company equity shares will trade in the market subsequent to this Issue. The Company's share price could be volatile and may also decline.

10. NO STANDARD VALUATION METHODOLOGY

There are no standard valuation methodologies to measure or predict the valuations of the companies operating in cutting tool segment

NOTES TO RISK FACTORS

1. Size of The Issue –

- a. Rights issue of 33,24,954 equity shares of Rs. 10/- each for cash at a premium of Rs. 23 per share (i.e. at a price of Rs. 33 per share) aggregating to Rs. 1,097.23 lacs to the existing equity shareholders of the company in the ratio of 5 equity shares for every 7 equity shares held as on 6th July, 2007 (record date)
- b. Public Issue of 40,06,150 equity shares of Rs. 10/- each for cash at a price of Rs. 45 inclusive of premium aggregating to Rs. 1,802.77 lacs. The Public Issue comprises Promoters' Contribution of 4,00,000 Equity Shares for cash at the issue price of Rs. 45 aggregating to Rs. 180.00 lacs. Thus the net offer to the public will be 36,06,150 Equity Shares for cash at the issue price of Rs. 45 aggregating to Rs. 1622.77 lacs.

2. The average cost of acquisition of Equity Shares by the Company's Promoters, is as follows:

| Name of the Promoter | Average Cost of Acquisition (in Rs.) |
|---|--------------------------------------|
| Mr. Yashovardhan Birla | 20.00 |
| Late Mr. Ashokvardhan Birla (HUF) | n.a. |
| Late Ms. Sunanda Birla | 6.61 |
| Late Ms. Sujata Birla | 6.62 |
| Late Mr Ashokvardhan Birla | 7.25 |
| Birla Bombay Pvt. Ltd | 21.00 |
| Nirved Traders Pvt. Ltd. | 32.12 |
| Asian Distributors Ltd | 20.04 |
| Shearson Investments & Trading Co. Pvt. Ltd | 14.82 |
| Godavari Corporation Pvt. Ltd | n.a. |
| Schimitar Investment & Trading Co. | n.a. |
| Birla Cotsyn (I) Limited | 30.00 |



3. The Book Value per Equity Share for 12 months ended 31st March, 2007 is Rs. 51.33 and for 9 months ended 31st March, 2006 is Rs. 50.41 per share based on financial statements.
4. The Net worth of the Company (as restated), as on 12 months ended 31st March, 2007 is Rs 2,389.15 lacs, and as on 9 months ended 31st March, 2006 is Rs. 2,346.33 lacs. For details please refer to Chapter on 'Financial Statement' on page 81 of this Offer Document.
5. Investors are advised to refer the paragraph on "Basis for Issue Price" on page 31 of this Offer Document before making an investment in the Issue.
6. Investors can contact the Lead Manager or the Compliance Officer of the Company for any clarifications/complaints. The Compliance Officer, Mr. Bhuvnesh Bansal, will be available at the following address: First Pokhran Road Thane – 400606 Tel: +91-22- 25882531/32/33/34; Fax: +91-22- 25882540 E-mail: complianceofficer@daggerforst.com
7. For Related Party Transactions, please refer to the section entitled "Related party Transaction" on page 100 of this Offer Document.
8. Please refer to page 97 of this Offer Document for details on Loans and Advances.
9. Dagger Forst Tools Ltd has sold their investment of 2,24,290 Equity Shares in Zenith Birla (India) Ltd on May 10, 2007 in open market at prevailing market price @ Rs 32.85 per share.
10. Investors are free to contact the lead manager for any clarification or information pertaining to the Issue. All information shall be made available by the lead manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
11. In the event of over-subscription, allotment shall be made on a proportionate basis in accordance with the SEBI guidelines and in consultation with BSE (The Designated Stock Exchange) as per the prevailing guidelines in this regard. If the Issue is oversubscribed, the Designated Stock Exchange along with the Lead Manager and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.



SECTION III: INTRODUCTION

SUMMARY

(i) Summary of the Industry and Business of the Company

Investors should read the following summary with the Risk Factors appearing on page number vii of this Offer Document and detailed information about the Company and its financial statements included elsewhere in this Offer Document.

INDUSTRY:

Domestic Market

BROACHES & GEAR CUTTING TOOL INDUSTRY IN INDIA:

This industry largely caters to the demand of Engineering and Automobile industry. Players in the engineering and automobile industry are the major users of Broaches and Gear cutting Tools. Demand for these tools moves in line with the world industrial production in the engineering and automobile industry. Due to up gradation of manufacturing facilities in most auto/auto component industries, users focus on local suppliers with better product and quick technical services. Few organized players service 80 to 85 % market and balance need is met by small-unorganized sector & imports. Due to growth in Auto sector and major growth in Export of Auto Components, demand for these tools is expected to grow at 10 % p.a. for next 5 years.

(Source: www.scopemarketing.com viewed on December 15, 2006)

These products are used primarily for manufacture of:

- (i) Auto components **used in cars, trucks, motorcycles, tractors** (Automobile Industry).
- (ii) **Other industries where these tools are used are -**
 - (a) Aerospace (manufacture of turbines & other components).
 - (b) Power generation (manufacture of turbines).
 - (c) Defense (manufacture of various components for their vehicles and other defense equipment).
 - (d) Industrial products, such as gearboxes, pumps & other industrial products.

These auto components, which are manufactured, are used by the automobile industry in making the following tools:

- (i) All Transmission Gears used in gearboxes.
- (ii) Propeller Shafts
- (iii) Clutches
- (iv) Drive Shafts
- (v) Synchro Sleeves / Synchro Cones
- (vi) Steering Columns
- (vii) Brake Shoes
- (viii) Connecting Rods
- (ix) Yokes for various applications, etc.
- (x) All splined components
- (xi) Sprockets
- (xii) Timing Gears, Starter Gears
- (xiii) Ring Gears

Automobile Business:

Automobile industry has shown a positive trend in the recent past, particularly in the two wheelers, commercial vehicles and cars sectors. With rising disposable incomes, improved standards of living and easy vehicle financing schemes, the trend of positive growth is likely to continue in the automobile industry in the near future.



The success of some of the two-wheelers, such as Victor (TVS-Suzuki), Caliber (Bajaj Auto) and Splendour (Hero-Honda), has substantially increased the market growth for motorbikes, resulting in substantial tooling orders.

The Golden Quadrangle project started by the previous government and supported by the present government is resulting in significant improvement in infrastructure throughout the country and is aiding an upward trend in business in general. One of the beneficiaries of this uptrend is the commercial vehicles sector which has gained substantially since 2003-04. Tata Motors has increased their production by almost 35-40% and there are similar increases other commercial vehicles manufacturers like Ashok Leyland and Eicher Motors. These increases have resulted in their increased tooling requirements.

Further, the entry of foreign players like Hyundai, Ford, Mitsubishi, etc. has increased the demand potential for quality tools and components. More international players, such as Toyota, Honda Motors, etc. are also investing heavily in India, boosting the tooling requirement.

In addition, the auto component export is also growing substantially and many global auto component manufacturers like Dana Spicer, Fairfield etc are shifting their US/UK operations to India for manufacture of components. These shifts of manufacturing base to India has considerably boosted requirement for tooling. The Auto Component export in 2004-05 was expected to be \$ 1 billion and estimated to increase to \$ 5 billion by the year 2015.

(Source: www.siamindia.com viewed on December 15, 2006)

Business from Defense and Power Sectors:

Many Defense units such as Hindustan Aeronautics Ltd., Vehicle Factory (Jabalpur), Field Gun Factory (Kanpur), etc., use a type of cutting tool, which the company manufactures. Their cutting tool requirements have been showing steady growth over the years.

Similarly, many large power equipment manufacturers, such as Nuclear Power Corporation, Bharat Heavy Electricals, etc., are major users of the products, which the company manufactures and their requirement is likely to grow substantially in the coming years with the increased national power requirement.

BUSINESS OF THE COMPANY:

Dagger Forst Tools Limited (DFTL), a part of Yashovardhan Birla Group, is engaged in the manufacture of high precision Cutting Tools viz. Broaches, Hobs, Shaper Cutters & Shaving Cutters (Gear Cutting Tools).

Broaching is one of the most economical method of machining, an integral process in the engineering and automobile industry. It is, in most cases, the only process by which complex internal and external shapes can be achieved with high accuracy and surface finish.

The first Broach manufacturing plant was set up by the Company in 1965 at Thane in Maharashtra in collaboration with Oswald Forst GmbH of Germany and a decade later i.e. in 1975, came up another plant at Aurangabad, also in Maharashtra, to cater to the increased market demand for broaches.

As part of its diversification plans, DFTL put up yet another manufacturing plant in Aurangabad in 1977. This manufacturing unit, in collaboration with W. Forst, England, was set up to manufacture gauges within the same industrial area. In 1984, the Company purchased a plant at Aurangabad where gear cutting tools and built up Hobs are manufactured in technical collaboration with KlingelInberg Sohne of Germany.

The Company also began manufacturing slitting saws since 1977. Aurangabad was also the venue for the gear cutting tools and built-up hobs manufacturing units in collaboration with KlingelInberg Sohne of Germany and the expertise for the manufacture or Shaving Cutters came from Mis. Samputensili SpA of Italy in 1999.

All the collaborations mentioned above i.e. with Oswald Forst GmbH, W. Forst, KlingelInberg Sohne and M/s. Samputensili SpA have expired. For brief details of collaborations, please refer the heading "Collaborations" on page 48 of this Offer Document.

All these manufacturing units have obtained ISO certification and satisfy all the norms related to environmental clearances.



Consumers Profile

The hobs & broaches produced are generally used for engineering purpose hence customers are predominantly industrial units. Some prominent customers of DFTL, in various sectors, include:

| Sector | Domestic Customers |
|---------------------------------|--|
| Automobile Industry | Maruti Udyog, Mahindra & Mahindra, Tata Motors, Hyundai Motors, Toyota, Honda, Bajaj Auto, Hero Honda, L&T John Deere, Etc. |
| Defence/Government Undertakings | Vehicle Factory, Jabalpur; MTPF, Ambarnath; Nuclear Power Corporation; Heavy Vehicle Factory, Avadi; Ordinance Factory, BHEL, etc. |
| Railways | DCW, DLW |
| | Export Customers |
| Countries | Germany, U.K., Italy, South Korea, Taiwan, Australia, etc. |
| Major Customers | General Electric, Graziono, Forst Tech, Forst Cardinal, Hyundai, TRW. |

(ii) OFFERING DETAILS:

COMPOSITE ISSUE OF 73,31,104 EQUITY SHARES OF RS.10/- EACH AGGREGATING TO RS. 2,900 LACS COMPRISING OF:

| | |
|---|---|
| ❖ Rights Entitlement | 33,24,954 Equity Shares of Rs. 10/- each at a price of Rs. 33/- each in the ratio of 5 Equity Shares for every 7 shares held aggregating to Rs. 1,097.23 lacs |
| Record Date | July 06, 2007 |
| ❖ Public Issue | 40,06,150 Equity Shares of Rs.10/- each for Cash at a premium of Rs. 35/- each aggregating to 1802.77 Lacs |
| Of which | |
| Promoters Contribution | 4,00,000 Equity Shares of Rs.10/- each for Cash at a premium of Rs. 35/- each aggregating to 180.00 Lacs |
| Net Offer to the Public | 36,06,150 Equity Shares of Rs.10/- each for Cash at a premium of Rs. 35/- each aggregating to 1622.77 Lacs |
| ● Retail Investor (at least 50% of the Net Offer to the Public) | 18,03,075 Equity Shares of Rs.10/- each for Cash at a premium of Rs. 35/- each |
| ● Other than retail investors | 18,03,075 Equity Shares of Rs.10/- each for Cash at a premium of Rs. 35/- each |
| Total Equity Shares | 73,31,104 Equity Shares of Rs.10/- each |
| Equity Shares outstanding prior to the Issue | 46,54,935 Equity Shares of Rs. 10/- each |
| Equity Shares outstanding after the Issue | 1,19,86,039 Equity Shares of Rs. 10/- each |
| Use of Issue proceeds | Please see section entitled "Objects of the Offering" on page 23 this Offer Document for additional information. |



(iii) SUMMARY FINANCIAL, OPERATING AND OTHER DATA:

Summary of Financial Data under Indian GAAP

The data is not strictly comparable as there have been changes in the Financial Year of the Company during the period under review

Statement of Profits & Losses as restated

(Rs. in Lacs)

| | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 15 months | Period Ended 30th June 2005 12 months | Period Ended 31st March 2006 9 months | Year Ended 31st March 2007 |
|--|----------------------------------|----------------------------------|--|--|--|----------------------------------|
| INCOME | | | | | | |
| Sales: | | | | | | |
| Of products manufactured by the Company (net of Excise duty) | 1,459.60 | 1,866.49 | 2,808.20 | 2,735.82 | 2,274.17 | 3,569.18 |
| Of products traded in by the Company | 121.70 | - | - | - | - | - |
| Sub-total | 1,581.30 | 1,866.49 | 2,808.20 | 2,735.82 | 2,274.17 | 3,569.18 |
| Other Income | 70.38 | 116.95 | 75.24 | 41.22 | 16.26 | 144.43 |
| Increase/Decrease in Stock | 42.71 | 34.54 | 84.89 | 44.13 | 29.24 | 117.32 |
| Total | 1,694.39 | 2,017.98 | 2,968.33 | 2,821.17 | 2,319.67 | 3,830.93 |
| EXPENDITURE | | | | | | |
| Purchase of goods traded | 187.16 | - | - | - | - | - |
| Raw materials Consumed | 194.54 | 259.74 | 421.92 | 470.38 | 486.20 | 757.69 |
| Staff Costs | 999.84 | 777.93 | 1,193.11 | 1,096.34 | 823.85 | 1,335.25 |
| Other Manufacturing expenses | 247.84 | 256.03 | 359.20 | 308.24 | 244.70 | 500.89 |
| Administration expenses | 366.11 | 327.34 | 352.27 | 330.08 | 272.98 | 418.57 |
| Selling & Distribution expenses | 68.52 | 55.05 | 55.10 | 44.92 | 29.40 | 60.97 |
| (Write back)/Provision for diminution in value of investments | 407.86 | -1.46 | - | - | - | - |
| Provision for Doubtful advances (net) | 193.96 | 23.27 | - | - | - | - |
| Interest | 265.57 | 247.98 | 257.11 | 155.67 | 142.23 | 300.92 |
| Total operating expenses | 2,931.40 | 1,945.88 | 2,638.71 | 2,405.63 | 1,999.36 | 3,374.29 |
| Profit before depreciation, doubtful advances & extraordinary items | -1,237.01 | 72.10 | 329.62 | 415.54 | 320.31 | 456.64 |
| Gross Depreciation | 179.89 | 141.94 | 371.58 | 303.70 | 139.70 | 264.90 |
| Less: Transfer from Revaluation reserve | 1.04 | 0.74 | - | - | - | - |
| Net Depreciation | 178.85 | 141.20 | 371.58 | 303.70 | 139.70 | 264.90 |
| Net adjusted profit/ (loss) before extraordinary items | -1,415.86 | -69.09 | -41.95 | 111.84 | 180.60 | 191.75 |
| Add: Extraordinary items | 92.00 | 70.46 | - | - | - | - |
| Net adjusted profit/ (loss) after extraordinary items | -1,323.86 | 1.37 | -41.95 | 111.84 | 180.60 | 191.75 |
| Less: Provision for current tax (including Wealth tax) | 24.71 | 2.29 | 6.00 | 17.51 | 16.60 | 35.00 |
| Less: Provision for deferred tax (net) | 20.42 | -127.91 | -130.24 | 60.38 | 30.74 | 32.94 |
| Less : Provision for Fringe Benefit tax | - | - | - | 3.00 | 12.00 | 14.00 |
| Less: Tax Provision for earlier years | - | - | - | - | - | - |
| Effect of adjustments on tax | - | -2.00 | -5.50 | 15.61 | 15.25 | -4.78 |
| Net profit/ (-)loss after taxation & adjustments | -1,368.99 | 128.99 | 87.79 | 15.34 | 106.01 | 114.59 |



Summary Statement of Assets & Liabilities

(Rupees in Lacs)

| | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 15 months | Period Ended 30th June 2005 12 months | Period Ended 31st March 2006 9 months | Year Ended 31st March 2007 |
|--|----------------------------------|----------------------------------|--|--|--|----------------------------------|
| A FIXED ASSETS: | | | | | | |
| (i) Gross Block | 3,873.30 | 6,189.55 | 6,228.17 | 6,370.85 | 8,325.04 | 8,804.07 |
| Less: Accumulated Depreciation | 2,566.30 | 2,665.23 | 3,028.62 | 3,325.63 | 3,434.48 | 3,689.41 |
| Net Block | 1,307.00 | 3,524.32 | 3,199.55 | 3,045.22 | 4,890.56 | 5,114.66 |
| Less: Revaluation Reserve | 4.65 | 2,370.38 | - | - | - | - |
| | 1,302.35 | 1,153.94 | 3,199.55 | 3,045.22 | 4,890.56 | 5,114.66 |
| (i) Capital work in Progress | 48.72 | 48.72 | 55.68 | 184.83 | 179.19 | 83.45 |
| Net Block after adjustment | 1,351.07 | 1,202.66 | 3,255.23 | 3,230.05 | 5,069.75 | 5,198.11 |
| B Investments | 46.65 | 48.11 | 44.35 | 44.35 | 44.35 | 44.35 |
| C Current Assets , Loans & Advances: | | | | | | |
| Inventories | 451.68 | 448.12 | 521.94 | 652.57 | 717.56 | 981.50 |
| Sundry Debtors | 783.08 | 758.78 | 512.65 | 543.57 | 596.88 | 904.79 |
| Cash & Bank Balances | 56.95 | 93.51 | 123.45 | 157.26 | 170.84 | 189.59 |
| Loans & Advances | 294.72 | 353.65 | 275.87 | 268.74 | 366.53 | 395.52 |
| | 1,586.43 | 1,654.06 | 1,433.91 | 1,622.14 | 1,851.81 | 2,471.40 |
| A+B+C | 2,984.15 | 2,904.83 | 4,733.49 | 4,896.54 | 6,965.91 | 7,713.86 |
| D Less :Liabilities & Provisions: | | | | | | |
| Secured Loans | 1,167.30 | 1,138.45 | 1,061.30 | 988.22 | 2,102.36 | 2,617.15 |
| Unsecured Loans | 724.85 | 662.59 | 515.41 | 674.48 | 1,223.00 | 1,323.91 |
| Net Deferred Tax liabilities | 318.26 | 190.35 | 60.11 | 120.49 | 151.24 | 184.17 |
| Current Liabilities | 648.10 | 649.48 | 586.91 | 492.61 | 700.65 | 703.85 |
| Provisions | 236.88 | 203.04 | 242.12 | 337.78 | 442.17 | 495.63 |
| | 3,095.39 | 2,843.91 | 2,465.85 | 2,613.58 | 4,619.42 | 5,324.71 |
| Networth (A+B+C - D) | -111.24 | 60.92 | 2,267.64 | 2,282.96 | 2,346.49 | 2,389.15 |
| Represented By: | | | | | | |
| (i) Share Capital | 465.49 | 465.49 | 465.49 | 465.49 | 465.49 | 465.49 |
| Reserves & Surplus | -378.40 | 2,116.33 | 1,802.15 | 1,817.47 | 1,881.00 | 1,943.86 |
| Less: Revaluation Reserve | 4.65 | 2,370.38 | - | - | - | - |
| (ii) Reserves (net of Revaluation Reserve) | -383.05 | -254.05 | 1,802.15 | 1,817.47 | 1,881.00 | 1,943.86 |
| (iii) Less: Misc. Expenditure (to the extent not writtenoff/adjusted) | 193.68 | 150.52 | - | - | - | 20.20 |
| Networth (i+ ii – iii) | -111.24 | 60.92 | 2,267.64 | 2,282.96 | 2,346.49 | 2,389.15 |



GENERAL INFORMATION :

The Company was incorporated on 4th May, 1965 as Dagger Forst Tools Ltd.

Registered Office: First Pokhran Road, Thane – 400606, Maharashtra.

Tel: +91-22- 25882531/32/33/34; **Fax:** +91-22- 25882540

E-mail: complianceofficer@daggerforst.com; **Website:** www.daggerforst.com

Contact Person : Mr. Bhuvnesh Bansal, Company Secretary & Compliance Officer

Registered with Registrar of Companies : 100 Everest Building, Marine Lines, Mumbai – 400 020, Maharashtra.

Company Registration No: 13198 dated : 4th May, 1965

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 22nd July 2005 and a resolution passed by the Board of Directors at its meeting held on 17th June 2005.

This is a composite issue of equity shares of Rs. 10/- each at a price of Rs. 33/- per share for the rights issue and at a price of Rs. 45 per share for the public issue through a single offer document on Rights cum Public basis.

As per clause 1.2.1 (vii) of SEBI DIP Guidelines composite issue means an issue of securities by a listed company on a public cum rights basis offered through a single offer document wherein the allotment for both public and rights components of the issue is proposed to be made simultaneously.

BOARD OF DIRECTORS:

The company is currently managed by a Board comprising of 6 Directors. The Board of Directors consists of the following persons:

| NAME OF THE DIRECTOR | DESIGNATION | STATUS |
|------------------------|---------------------|--------------------------------|
| Mr. Yashovardhan Birla | Chairman | Non Executive, Non Independent |
| Ms. Avanti Birla | Director | Non Executive, Non Independent |
| Mr. G.L. Lath | Executive Director | Executive, Non Independent |
| Mr. Vijay Agarwal | Director | Non Executive, Independent |
| Mr. Shailesh Sheth | Additional Director | Non Executive, Independent |
| Mr. Rajesh Shah | Additional Director | Non-Executive, Independent |

PROFILE OF THE CHAIRMAN/EXECUTIVE DIRECTOR OF THE COMPANY IS GIVEN BELOW:

- **Mr. Yashovardhan Birla** aged 38 years is M. COM, L.L.B. by qualification. He is the Chairman of the Yashovardhan Birla Group which has diversified interests. He has been the chairman of the group for over 13 years.

He has played a key role in the growth and development of the Yashovardhan Birla Group. Under the guidance of Mr. Yashovardhan Birla, the Group is striving to build on and contribute to the expansion of formidable Birla empire by identifying and exploiting business opportunities.

- **Mr. G.L. Lath** aged 57 years is a Chartered Accountant by qualification with more than 34 years of experience in the Industry and associated with Group the last 32 years.

Mr. G.L. Lath has been appointed as Wholetime Director designated as Executive Director of the Company for a period of five years commencing from January 30, 2006. He is managing the entire operation of the Company.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Bhuvnesh Bansal

Company Secretary & Compliance Officer

Dagger Forst Tools Limited,

First Pokhran Road, Thane – 400 606, Maharashtra

Tel: +91-22-25882531/32/33/34

Fax: +91-22-25882540

E-mail: complianceofficer@daggerforst.com

Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.



LEGAL ADVISORS TO THE ISSUE

Hemant Sethi & Co.

302, Satnam Building, 3A
Sion (W)
Mumbai: 400 022
Tel: +91-22- 24078557 / 30956888
Fax: +91-22-24079230
E-mail: hemant@hemantsethi.com
Contact Person: Mr. Hemant Sethi

BANKERS TO THE COMPANY

Indian Overseas Bank

Arjun Towers, 1st Floor,
Gokhale Road,
Naupada,
Thane – 400 602
Tel: +91-22-25421662
Fax: +91-22-25376676
E-mail: thanebr@mumnrc01.iobnet.co.in
Contact: Mr. Gurudutt Nanajkar

LEAD MANAGER

Centrum Capital Limited

SEBI Regn. No. INM000010445

59, Krishna Chambers,
Sir Vithaldas Thakersey Marg,
New Marine Lines
Mumbai: 400 020.
Tel: +91–22– 4030 0500
Fax: +91–22– 4030 0510
Email: daggerforst@centrum.co.in
Website: www.centrum.co.in
Contact Person: Ms. Amandeep Sidhu

REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited

SEBI Regn. No. INR000003761

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
MUMBAI: 400 078.
Tel: +91 – 22 – 25960320
Fax: +91 – 22 – 25960329
Website: www.intimespectrum.com
Email: daggerforst@intimespectrum.com
Contact Person: Mr. Vishwas Attavar

BANKERS TO THE ISSUE

ICICI Bank Ltd.

SEBI Regn. No. INBI000000004

Capital Market Division
30, Mumbai Samachar Marg
Mumbai: 400 001
Tel: +91+22 - 22655206 / 85
Fax: +91- 22611138
Website: www.icicibank.com
E-mail: sidhartha.routray@icicibank.com
Contact Person: Mr. Sidhartha Routray



HDFC Bank Ltd.**SEBI Regn. No. INBI00000063**

26 A, Narayan Properties,
Off Saki Vihar Road,
Chandivali, Saki Naka,
Andheri (East)
Mumbai – 400 072
Tel: +91-22-2856 9228
Fax: +91-22- 2856 9256
Email: viral.kothari@hdfcbank.com
Contact Person: Mr. Viral Kothari

BROKERS TO THE ISSUE

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

AUDITORS**a) Statutory Auditor****M/s Chaturvedi & Shah**

712/713, Tulsiani Chambers
212, Nariman Point
Mumbai 400 021
Tel: +91-22- 56308500
Email: cas@chaturvedi-and-shah.com

b) Tax Auditor**M/s. M.K. Sureka & Co.**

Chartered Accountants
302, Maker Bhavan No. 3
21, New Marine Lines
Mumbai: 400 020
Tel: +91-22- 22037789 / 22088724
Email: mksureka@hotmail.com

CREDIT RATING

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

ISSUE GRADING

The issue has not been graded by any credit rating agency.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

MONITORING AGENCY

As per clause 8.17.1 of SEBI DIP Guidelines, the company has not appointed an outside monitoring agency to monitor the deployment of funds.

UNDERWRITING AGREEMENT

The issue is not underwritten.



CAPITAL STRUCTURE OF THE COMPANY

Share Capital as on date of filing the Offer Document with SEBI:

SHARE CAPITAL

(Rs. in Lacs)

| | FACE VALUE | TOTAL VALUE INCLUDING PREMIUM |
|---|------------|-------------------------------|
| 1. AUTHORIZED CAPITAL 150,00,000 Equity shares of Rs.10/- each | 1,500.00 | |
| 2. ISSUED SUBSCRIBED AND PAID-UP CAPITAL 46,54,935 Equity shares of Rs.10 /- each fully paid – up | 465.49 | 1115.05 |
| 3. PRESENT ISSUE IN TERMS OF THIS OFFER DOCUMENT | | |
| ● Rights issue of 33,24,954 equity shares of Rs. 10/- each for cash at a premium of Rs. 23/- per share (i.e. at a price of Rs. 33/- per share) | 332.49 | 1097.22 |
| ● Public Issue of 40,06,150 equity shares of Rs. 10/- each for cash at a price Rs. 45 inclusive of premium to be finalised closer to the issue | 400.62 | 1802.77 |
| I. Promoters Contribution of 4,00,000 Equity Shares of Rs.10/- each for Cash at a premium of Rs. 35/- each | 40.00 | 180.00 |
| II. Net Offer to the Public of 36,06,150 Equity Shares of Rs.10/- each for Cash at a premium of Rs. 35/- each | 360.62 | 1622.77 |
| 4. PAID-UP EQUITY CAPITAL AFTER THE ISSUE 1,19,86,039 Equity Shares of Rs. 10/- each | 1198.60 | 4015.05 |
| 5. SHARE PREMIUM ACCOUNT | | |
| ● Before the Issue | | Nil |
| ● After the Issue | | 2166.89 |

Details of Increase in Authorised Capital:

| Date | Increased from | | Increased to | |
|---|------------------|--------------|------------------|--------------|
| | Number of Shares | Amount | Number of Shares | Amount |
| 04 th May, 1965 (Incorporation) | - | - | 50,000 | 50,00,000 |
| 23 rd May, 1975 | 50,000 | 50,00,000 | 66,200 | 66,20,000 |
| 18 th June, 1976 | 66,200 | 66,20,000 | 2,00,000 | 2,00,00,000 |
| 17 th July, 1992(Split from Rs 100 to Rs 10) | 20,00,000 | 2,00,00,000 | 50,00,000 | 5,00,00,000 |
| 27 th September, 1996 | 50,00,000 | 5,00,00,000 | 1,00,00,000 | 10,00,00,000 |
| 22 nd July, 2005 | 1,00,00,000 | 10,00,00,000 | 1,50,00,000 | 15,00,00,000 |



Notes to the Capital Structure:

1. Share Capital History of the Company:

| Date of Allotment | Number of Equity Shares | Face Value Rs. | Issue Price Rs. | Consideration (in Rs.) | Nature of Allotment (Bonus, Rights Etc.) | Cumulative Number of Equity Shares | Cumulative Share Premium Rs. |
|---------------------------------|-------------------------|----------------|-----------------|------------------------|--|------------------------------------|------------------------------|
| 04 th May, 1965 | 7 | 100 | 100 | 700 | Cash | 7 | NIL |
| 19 th August, 1965 | 14,790 | 100 | 100 | 14,79,000 | Cash | 14,797 | NIL |
| 26 th December, 1966 | 6,960 | 100 | 100 | 6,96,000 | Cash | 21,757 | NIL |
| 22 nd February, 1967 | 7,243 | 100 | 100 | 7,24,300 | Against Supply of Plant & Machinery | 29,000 | NIL |
| 01 st April, 1976 | 29,000 | 100 | NIL | NIL | Bonus 1:1 | 58,000 | NIL |
| 01 st February, 1980 | 19,333 | 100 | NIL | NIL | Bonus 1:3 | 77,333 | NIL |
| 15 th February, 1980 | 667 | 100 | 100 | 66,700 | Cash | 78,000 | NIL |
| 15 th October, 1984 | 7,80,000 | 10 | 10 | 78,00,000 | Share Split * | 7,80,000 | NIL |
| 19 th April, 1985 | 2,60,000 | 10 | 15 | 39,00,000 | Public Issue | 10,40,000 | 13,00,000 |
| 08 th January, 1993 | 19,70,649 | 10 | 30 | 5,91,19,470 | Rights 2:1 | 30,10,649 | 4,07,12,980 |
| 20 th December, 1996 | 16,44,286 | 10 | 20 | 3,28,85,720 | Rights 3:5 | 46,54,935 | 5,71,55,840 |
| | 46,54,935 | | | | | | |

Note:

* The Equity Shares of the Company having face value of Rs 100/- were split into 10 Equity Shares having face value of Rs 10/- each vide a resolution passed in the Annual general meeting held on 15th October, 1984.

The Company has made a Bonus Issue of Equity Shares in the ratio of 1 Equity Share for every 1 Equity Share held as on the record date i.e. 1st April, 1976. The Company has made another Bonus Issue of Equity Shares in the ratio of 1 Equity Share for every 3 Equity Shares held as on the record date i.e. 1st February, 1980. This bonus Issue was made through capitalization of General Reserve account. The allotment of these Equity Shares was made on 1st April, 1976 & 1st February, 1980.

The Company has made a Rights Issue of Equity Shares in the ratio of 2 Equity Shares for every 1 Equity Share held as on the record date i.e. 29th September, 1992. The Company has made another Rights Issue of Equity Shares in the ratio of 3 Equity Shares for every 5 Equity Share held as on the record date i.e. 17th September, 1996.

7,243 Equity Shares of Rs 100/- each, valuing Rs 7,24,300 was allotted to M/s Oswald Forst GmbH, Germany against supply of Machinery – Forst Spline Grinding Machine, Forst Horizontal Broaching Machine, Forst Slot & Keyway Milling Machine & Forst Broach Sharpening Machine

2. Promoters Contribution And Lock-In:

a) Allotment to Promoters/Transfer by Promoters:

| Name of the Promoter | Date of allotment/Transfer | Nature of payment or consideration | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | % of Post Issue Paid- Up Capital |
|------------------------|---|------------------------------------|-------------------------|------------------|-------------------|----------------------------------|
| Mr. Yashovardhan Birla | 20 th December, 1996 | Rights Issue – Renunciation | 72,000 | 10 | 20 | 0.60 |
| | | | 72,000 | | | 0.60 |
| | Present Rights Entitlement* | Right Issue | 51,429 | 10 | 33 | 0.43 |
| | Present Rights Entitlement* (Rights Entitlement of Late Mr. Ashok Birla HUF) (Refer Note 1) | Right Issue | 38,071 | 10 | 33 | 0.32 |
| | Present Rights Entitlement* (Rights Entitlement Late Ms. Sunanda Birla) (Refer Note 1) | Rights Issue | 19,057 | 10 | 33 | 0.16 |



| Name of the Promoter | Date of allotment/Transfer | Nature of payment or consideration | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | % of Post Issue Paid- Up Capital |
|--|--|---|-------------------------|------------------|-------------------|----------------------------------|
| | Present Rights Entitlement* (Rights Entitlement of Late Ms. Sujata Birla) (Refer Note 1) | Rights Issue | 9,521 | 10 | 33 | 0.08 |
| | Present Rights Entitlement* (Rights Entitlement of Late Mr. Ashok Birla) (Refer Note 1) | Rights Issue | 57,136 | 10 | 33 | 0.48 |
| | | Total | 2,47,214 | | | 2.06 |
| Late Mr. Ashokvardhan Birla HUF (Jt. Ms Sunanda Birla) | 17 th July, 1984 | Purchase | 400 | 100 | 176.44 | – |
| | 17 th July, 1984 | Purchase | 400 | 100 | n.a. | – |
| | 17 th July, 1984 | Purchase | 266 | 100 | n.a. | – |
| | | Sub Total | 1,066 | | | – |
| | 15 th October, 1984 | Split Up | 10,660 | 10 | – | 0.09 |
| | 08 th January, 1993 | Rights Issue | 21,320 | 10 | 30 | 0.18 |
| | 20 th December, 1996 | Rights Issue | 21,320 | 10 | 20 | 0.18 |
| | | Total | 53,300 | | | 0.44 |
| Late Ms. Sunanda Birla (Jt. Mr. Ashokvardhan Birla) | 09 th June, 1965 | Purchase | 1 | 100 | 11.00 | – |
| | 17 th July, 1973 | Purchase | 1,000 | 100 | 176.44 | – |
| | 28 th May, 1976 | Bonus Shares | 1,001 | 100 | Nil | – |
| | 08 th April, 1980 | Bonus Shares | 666 | 100 | Nil | – |
| | | Sub Total | 2,668 | | | – |
| | 15 th October, 1984 | Split Up | 26,680 | 10 | | 0.22 |
| | | Total | 26,680 | | | 0.22 |
| Late Ms. Sujata Birla (Jt. Mr. Ashokvardhan Birla) | 20 th July, 1981 | Received from Sujata Birla Trust | 1,333 | 100 | 66.19 | – |
| | | Sub Total | 1,333 | | | – |
| | 15 th October, 1984 | Split Up | 13,330 | 10 | | 0.11 |
| | | Total | 13,330 | | | 0.11 |
| Late Mr. Ashokvardhan Birla (Jt. Ms Sunanda Birla) | 17 th July, 1973 | Purchase | 500 | 100 | 176.44 | – |
| | 28 th May, 1976 | Bonus Share | 500 | 100 | Nil | – |
| | 08 th May, 1979 | Bonus Share | 333 | 100 | Nil | – |
| | | Sub Total | 1,333 | | | – |
| | 15 th October, 1984 | Split up | 13,330 | 10 | | 0.11 |
| | 19 th September, 1986 | Transfer of share from trust of Ms G.K. B | 66,660 | 10 | 7.3786 | 0.56 |
| | | Total | 79,990 | | | 0.67 |
| Birla Bombay Private Ltd – | 08 th January, 1993 | Rights Issue Renounced | 1,73,320 | 10 | 30 | – |
| | 16 th August, 1996 | Purchase | 1,22,990 | 10 | 27.12 | – |
| | 20 th December, 1996 | Rights Issue | 2,77,490 | 10 | 20 | – |
| | June 1997 | Purchase | 50,900 | 10 | 24.42 | – |
| | March 2000 | Transferred from Stock - in - trade | 250 | 10 | 33.456 | – |
| | March 2002 | Purchase | 50,000 | 10 | 11.90 | – |
| | 16 th June, 1997 | Sale | -77,700 | 10 | 43.874 | – |
| | | Total (A) | 5,97,250 | | | 4.98 |
| | Present Rights Entitlement* | Rights Issue (B) | 4,26,607 | 10 | 33 | 3.56 |
| | | Total (A+B) | 10,23,857 | | | 8.54 |



| Name of the Promoter | Date of allotment/Transfer | Nature of payment or consideration | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | % of Post Issue Paid-Up Capital |
|--|----------------------------------|---|-------------------------|------------------|--------------------------------|---------------------------------|
| Birla International Pvt. Ltd (refer note 7) | 13 th July, 1971 | Purchase | 66 | 100 | 118.9804 | – |
| | 24 th June, 1976 | Bonus Issue | 66 | 100 | Nil | – |
| | 21 st November, 1980 | Bonus Issue | 44 | 100 | Nil | – |
| | | Sub Total | 176 | | | – |
| | 15 th October, 1984 | Split up | 1,760 | 10 | 11.898 | – |
| | 05 th January, 1987 | Sale | -150 | 10 | – | – |
| | 08 th January, 1993 | Rights Issue | 7,50,280 | 10 | 30 | – |
| | 20 th December, 1996 | Rights Issue | 4,00,110 | 10 | 20 | – |
| | 23 rd September, 2005 | Sale | -1,75,000 | 10 | 98.80 | – |
| | 29 th September, 2005 | Sale | -40,000 | 10 | 114.65 | – |
| | 17 th October, 2005 | Sale | -60,000 | 10 | 105.00 | – |
| | 17 th August, 2006 | Purchase from Oswald Forst GmbH | 1,93,330 | 10 | 53.00 | – |
| | 22 nd August, 2006 | Purchase from Birla Cotsyn(I) Ltd. | 40,000 | 10 | 52.95 | – |
| | 13 th June, 2007 | Transferred to Nirved Traders Pvt. Ltd. pursuant to the scheme of arrangement (Refer Note no. 7) | -8,10,330 | 10 | 32.12 | – |
| | 5 th July, 2007 | | -3,00,000 | 10 | 32.12 | – |
| | | Total | 0 | | | 0.00 |
| Hallmark Leasors & Distributors Pvt. Ltd. | 20 th December, 1996 | Rights Issue Renounced | 1,00,000 | 10 | 20 | – |
| | 20 th January, 2006 | Transfer to Shearson Investment & Trading Co. Pvt. Ltd under Scheme of Amalgamation | -1,00,000 | 10 | 20 (Refer to note no.3) | – |
| | | Total | 0 | | | 0.00 |
| Capricorn Leasors & Distributors Pvt. Ltd | 20 th December, 1996 | Rights Issue Renounced | 74,000 | 10 | 20 | – |
| | 18 th March, 2002 | Purchase | 50,000 | 10 | 11.65 | – |
| | 24 th June, 2005 | Sale | -27 | 10 | 70.79 | – |
| | 29 th June, 2005 | Sale | -200 | 10 | 70.29 | – |
| | 20 th January, 2006 | Transfer to Shearson Investment & Trading Co. Pvt. Ltd under Scheme of Amalgamation | -1,23,773 | 10 | 16.63 (Refer Note 3) | – |
| | | Total | 0 | | | 0.00 |
| Asian Distributors Pvt. Ltd | 20 th December, 1996 | Rights Issue Renounced | 99,800 | 10 | 20 | 0.83 |
| | 31 st March, 2001 | Purchase | 200 | 10 | 39.50 | 0.00 |
| | | Total (A) | 1,00,000 | | | 0.83 |
| | Present Rights Entitlement* | Rights Issue (B) | 71,429 | 10 | 33 | 0.61 |
| | | Total (A+B) | 1,71,429 | | | 1.43 |
| Shearson Investment & Trading Co. Pvt. Ltd | 08 th January, 1993 | Rights Issue Renounced | 53,360 | 10 | 30 | – |
| | 20 th December, 1996 | Rights Issue Renounced | 51,640 | 10 | 20 | – |
| | 14 th November, 1996 | Sale | -5,000 | 10 | 30 | – |
| | 05 th June, 1997 | Sale | -51,000 | 10 | 20 | – |
| | 01 st May, 1999 | Purchase | 4,47,300 | 10 | 11.347 | – |
| | 04 th March, 2002 | Purchase | 40,000 | 10 | 11.90 | – |
| | 11 th March, 2002 | Purchase | 50,000 | 10 | 11.90 | – |
| | 20 th January, 2006 | Transfer from Hallmark Lease & Distributors under Scheme of Amalgamation | 1,00,000 | 10 | 20 (refer Note 3) | – |
| | 20 th January, 2006 | Transfer from Capricorn Leasors & Distributors P Ltd under Scheme of Amalgamation | 1,23,773 | 10 | 16.63 (refer Note 3) | – |
| | | Total (A) | 8,10,073 | | | 6.76 |



| Name of the Promoter | Date of allotment/Transfer | Nature of payment or consideration | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | % of Post Issue Paid- Up Capital |
|---|-----------------------------------|---|-------------------------|------------------|--------------------------|----------------------------------|
| | Present Rights Entitlement* | Rights Issue (B) | 5,78,624 | 10 | 33 | 4.83 |
| | Allotment in Present Public Issue | Promoter Contribution towards Public Issue | 4,00,000 | 10 | 45 | 3.34 |
| | | Total (A+B) | 17,88,697 | | | 14.92 |
| Godavari Corporation Pvt. Ltd (Refer Note 5) | 08 th January, 1993 | Rights Issue Renounced | 2,00,000 | 10 | 30 | – |
| | 20 th December, 1996 | Rights Issue | 2,47,300 | 10 | 20 | – |
| | 01 st May, 1999 | Sale | -4,47,300 | 10 | 13.99 | – |
| | 31 st May, 2000 | Transferred from Stock-in-trade account | 2,700 | 10 | 15.10 | – |
| | 26 th December, 2002 | Transfer from Schimtar Investment & Trading Co. Pvt. Ltd under Scheme of Amalgamation | 43,650 | 10 | 25.75 (refer Note No. 2) | – |
| | 01 st August, 2003 | Purchase | 2,00,336 | 10 | n.a. | – |
| | | Total | 2,46,686 | | | 2.06 |
| Schimtar Investment & Trading Co. Pvt. Ltd (Refer Note 5) | 08 th January, 1993 | Rights Issue renounced | 71,200 | 10 | 30 | – |
| | 1994 | Sale | -50 | 10 | 30 (refer Note 2) | – |
| | 20 th December, 1996 | Rights Issue | 56,450 | 10 | 20 | – |
| | Various dates | Sale | -27,750 | 10 | 30 | – |
| | 05 th June, 1997 | Sale | -43,200 | 10 | n.a. | – |
| | 05 th June, 1997 | Sale | -12,800 | 10 | n.a. | – |
| | Various Dates | Purchase | 2,00,336 | 10 | n.a. | – |
| | 26 th December, 2002 | Transfer to Godavari Corporation Pvt. Ltd under Scheme of Amalgamation | -43,650 | 10 | 25.75 (Refer note 2) | – |
| | 01 st August, 2003 | | -2,00,336 | 10 | n.a. | – |
| | | Total | 200 | | | 0 |
| Birla Cotsyn (India) Ltd | 08 th January, 1993 | Rights Issue Renounced | 40,000 | 10 | 30 | – |
| | 22 nd August, 2006 | Sold to Birla International Pvt. Ltd. | -40,000 | 10 | 52.95 | – |
| | | Total | 0 | | | 0 |
| Oswald Forst GmbH (Refer Note 6) | 22 nd February, 1967 | Allotted supply of Machinery | 7,243 | 100 | 100 | – |
| | 22 nd February, 1967 | Transfer from ITM | 7 | 100 | 100 | – |
| | 01 st April, 1976 | Bonus 1:1 | 7,250 | 100 | Nil | – |
| | 01 st February, 1980 | Bonus 1:3 | 4,883 | 100 | Nil | – |
| | | Sub Total | 19,333 | | | – |
| | 15 th October, 1984 | Split up | 1,93,330 | 10 | | – |
| | 17 th August, 2006 | Sale to Birla International Pvt. Ltd. | -1,93,330 | 10 | 53.00 | – |
| | | Total | 0 | | | 0 |
| Nirved Traders Private Limited | 13 th June, 2007 | Transferred from Birla International Private Limited (Refer Note no. 7) | 8,10,330 | 10 | 32.12 | 6.76 |
| | 5 th July, 2007 | 3,00,000 | 10 | 32.12 | | 2.50 |
| | | Total (A) | 11,10,330 | | | 9.26 |
| | Present Rights Entitlement* | Rights Issue (B) | 7,93,093 | 10 | 33 | 6.62 |
| | | Total (A+B) | 19,03,423 | | | 15.88 |

* The allotment of shares through rights issue might increase if any promoter subscribe to the unsubscribe portion, if any,



Note on allotment to promoters/transfer by promoters:

1. Mr. Yashovardhan Birla through a will executed in his favour by Late Mr. Ashok Birla (H.U.F.), Late Mr. Ashok Birla, Late Ms. Sunanda Birla and Late Ms. Sujata Birla is the rightful owner of shares held by Late Mr. Ashok Birla (H.U.F.), Late Mr. Ashok Birla, Late Ms. Sunanda Birla and Late Ms. Sujata Birla. As a result rights issue entitlement of shares of Late Mr. Ashok Birla (H.U.F.), Late Mr. Ashok Birla, Late Ms. Sunanda Birla and Late Ms. Sujata Birla will be in favour of Mr. Yashovardhan Birla.

2. The High Court of Judicature at Mumbai approved the Scheme of Amalgamation of Schimitar Investment & Trading Company Private Limited with Godavari Corporation Limited vide its order dated 26th December, 2002. The order sanctioned the scheme of amalgamation under section 391 – 394 of the Companies Act, 1956.

By virtue of the above said order of the High Court, Schimitar was merged with Godavari with effect from 01st April, 2001 (appointed date) and all assets and the liabilities of Schimitar were transferred to Godavari from the appointed date.

However, before scheme of amalgamation, in the year 1994, 250 Shares of Schimitar Investment & Trading Co. Pvt. Ltd. were sold in open market at Rs. 30 per Equity Share but out of these sold shares 200 shares are still in the name of Schimitar Investment & Trading Co. Pvt. Ltd.

3. The High Court of Judicature at Mumbai vide its order dated 20th January, 2006 approved Scheme of Amalgamation of Opus Investment and Trading Private Limited, Hallmark Leasors & Distributors Private Limited and Capricorn Leasors & Distributors Private Limited with Shearson Investment Trading & Company Pvt. Ltd.

The Scheme of Amalgamation was approved under Section 391 – 394 of the Companies Act, 1956. By virtue of this scheme, Opus Investment & Trading Private Limited, Hallmark Leasors & Distributors Private Limited & Capricorn Leasors and Distributors Private Limited were merged with Shearson with effect from 01st April, 2005 and the shares of Dagger Forst Tools Ltd. held by Hallmark Leasors & Distributors Private Limited & Capricorn Leasors and Distributors Private Limited were transferred to Shearson Investment & Trading Company Private Limited.

4. Details of Shares Pledged of DFTL by Promoter Companies:

| Sr. No. | Name of the Company | No. of Shares Pledged | With whom pledged | Date when pledged |
|---------|--------------------------------|-----------------------|---------------------|------------------------------|
| 1. | Nirved Traders Private Limited | 3,00,000 | Union Bank of India | 12 th March, 2004 |
| | Total | 3,00,000 | | |

As per clause 4.6.4A of the SEBI DIP Guidelines, shares pledged by promoters are not included under the minimum promoters' contribution.

5. **SEBI has passed an order against Schimitar Investment and Trading Corporation Limited on January 05, 2007 wherein Schimitar has been barred from buying, selling and dealing or accessing the securities market in any manner for a period of six months from the date of the order.**

As Schimitar Investment and Trading Corporation Limited has been amalgamated with Godavari Corporation Pvt. Ltd., the rights issue entitlement of Godavari Corporation Pvt. Ltd. and Schimitar Investment and Trading Corporation Limited will be renounced in favour of other promoters of the Company.

However, on 02nd February, 2007, Securities Appellate Tribunal (SAT) has stayed the operation of the impugned order of the SEBI against Godavari Corporation Pvt. Ltd. but Godavari Corporation will not be participating in the rights issue.

6. Since Oswald Forst GmbH is not holding any equity shares of Dagger Forst Tools Limited nor is it associated in any form with the management of the Company, hence it is no more a Promoter Company.
7. As per the scheme of arrangement between Birla International Private Limited (BIL) and Nirved Traders Private Limited (NTL) under section 391 and 394 of the Companies Act, 1956, Infrastructure Services Division of Birla International Private Limited has been demerged and transferred to Nirved Traders Private Limited. After the demerger Birla International Private Limited is free to concentrate in trading of tools and pipes and transfer of infrastructure services division to Nirved Traders Private Limited will help NTL in expanding its existing business.

The Scheme has become effective from the date on which all the necessary certified copies of orders under section 391 and 394 has been filed with RoC. Assets of Rs.12304.42 lacs and liabilities of Rs.11,284.07 lacs have been transferred to Nirved Traders Private Limited.

Out of the total assets, investments made by Birla International Private Limited in Dagger Forst Tools Limited in the form of Equity Shares have been transferred to Nirved Traders Private Limited, therefore instead of Birla International Private Limited; Nirved Traders Private Limited is the promoter of Dagger Forst Tools Limited. 3,00,000 Equity shares of Dagger Forst Tools Limited were transferred to Nirved Traders Private Limited on July 05, 2007 i.e. after ex-right date, June 28, 2007. Hence, these 3,00,000 Equity Shares will be renounced by Birla International Private Limited and Nirved Traders Private Limited will be the renouncee of these shares in the rights issue through this Offer Document.



This being a composite issue the provisions of clause 4.4 of chapter IV of SEBI (DIP) Guidelines is applicable. As per the provisions of lock-in under clause 4.4 of the SEBI (DIP) Guidelines, 2000, in case of a composite issue of a listed company the promoter's contribution shall at the option of the promoters be either 20% of the proposed public issue or 20% of the post issue capital. The rights issue component shall be excluded while calculating the post issue capital. The promoters have opted for 20% of the post public issue capital. As per clause 4.11.1 of the Guidelines the said minimum promoter's contribution is to be locked in for a period of 3 years.

The lock-in shall start from the date of allotment in the proposed composite issue and the last date for the lock in shall be reckoned as three years from the date of allotment or the commencement of commercial production whichever is later.

These shares under lock in may be transferred to and amongst promoter/promoter group or to a new promoter or persons in control of the company subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (SAST) Regulations, 1997 as applicable.

b) Lock-in of Minimum Promoters Contribution:

| Name of the Promoter | Date of allotment / Transfer | Nature of payment or consideration | Number of Equity Shares | Number of Equity Shares at Rs. 10 each | Face Value (Rs.) | Issue Price (Rs.) | % Post Issue Paid up Capital |
|--|---------------------------------|---|-------------------------|--|------------------|-------------------|------------------------------|
| Mr. Yashovardhan Birla | 20 th December, 1996 | Rights Issue – Renunciation | 31,203 | 31,203 | 10 | 20 | 0.36 |
| | | Total | | 31,203 | | | 0.36 |
| Late Mr. Ashokvardhan Birla HUF (Jt. Ms Sunanda Birla) | 20 th December, 1996 | Rights Issue | 9240 | 9,240 | 10 | 20 | 0.11 |
| | | Total | | 9,240 | | | 0.11 |
| Birla Bombay Private Ltd – | 20 th December, 1996 | Rights Issue | 1,20,258 | 1,20,258 | 10 | 20 | 1.39 |
| | June 1997 | Purchase | 50,900 | 50,900 | 10 | 24.42 | 0.59 |
| | March 2000 | Transferred from Stock - in-trade | 250 | 250 | 10 | 33.46 | 0.00 |
| | March 2002 | Purchase | 50,000 | 50,000 | 10 | 11.9 | 0.58 |
| | | Total | | 2,21,408 | | | 2.56 |
| Asian Distributors Pvt. Ltd | 20 th December, 1996 | Rights Issue Renounced | 43,251 | 43,251 | 10 | 20 | 0.50 |
| | 31 st March, 2001 | Purchase | 200 | 200 | 10 | 39.5 | 0.00 |
| | | Total | | 43,451 | | | 0.50 |
| Shearson Investment & Trading Co. Pvt. Ltd | 20 th December, 1996 | Rights Issue Renounced | 21,236 | 21,236 | 10 | 20 | 0.25 |
| | 01 st May, 1999 | Purchase | 447,300 | 4,47,300 | 10 | 11.347 | 5.16 |
| | 04 th March, 2002 | Purchase | 40,000 | 40,000 | 10 | 11.90 | 0.46 |
| | 11 th March, 2002 | Purchase | 50,000 | 50,000 | 10 | 11.90 | 0.58 |
| | 20 th January, 2006 | Transfer from Hallmark Lease & Distributors under Scheme of Amalgamation | 100,000 | 1,00,000 | 10 | 20 | 1.15 |
| | 20 th January, 2006 | Transfer from Capricorn Leasors & Distributors P Ltd under Scheme of Amalgamation | 123,773 | 1,23,773 | 10 | 16.63 | 1.43 |
| | Allotment in the Public Issue | Promoter's Contribution in the Public Issue | 4,00,000 | 4,00,000 | 10 | 45 | 4.62 |
| | | Total | | 11,82,309 | | | 13.65 |
| Godavari Corporation Pvt. Ltd | 31 st May, 2000 | Transferred from Stock-in-trade account | 2,700 | 2,700 | 10 | 15.1 | 0.03 |
| | 26 th December, 2002 | Transfer from Scimitar Investment & Trading Co. Pvt. Ltd under Scheme of Amalgamation | 43,650 | 43,650 | 10 | 25.75 | 0.05 |
| | 01 st August, 2003 | Purchase | 200,336 | 200,336 | 10 | n.a. | 2.31 |
| | | Total | | 2,46,686 | | | 2.85 |
| | | Grand Total | | 17,34,297 | | | 20.02 |

*Post Issue paid up capital does not include the rights issue component.



3. The Promoters Mr. Yashovardhan Birla, Birla Bombay Private Limited, Asian Distributors Private Limited, Shearson Investment & Trading Co. Pvt. Ltd & Godavari Corporation Private Limited has given their approval for lock – in of their shareholding. Shares issued last shall be locked-in first.
4. The shares locked in by the Promoters are not pledged to any party. The Promoter may pledge the lock in shares subject to the following:
 - a. Pledge of shares is one of the terms of the sanction of the loan.
 - b. The loan is granted by such banks or financial institutions for the purpose financing one or more of the objects of the issue.
5. The shares to be allotted to promoters against the Promoters' Contribution in the public issue will be locked in for the period of 3 years from the date of allotment or the commencement of commercial production whichever is later.
6. The Promoters' Contribution shall be brought in will be not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from Companies and from persons defined as promoters under the SEBI DIP Guidelines.
7. **Shareholding Holding Pattern Pre & Post Composite Issue. The pre issue share holding as on 6th July , 2007**

| Category Code | Category of Shareholder | Pre-Issue as on July 06, 2007 | | | | | Post-Issue | | |
|---------------|--|-------------------------------|------------------------|--|---|-------------------|------------------------|---|-------------------|
| | | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as a % of total number of Shares | | Total Number of Shares | Total shareholding as a % of total number of shares | |
| | | | | | As a % of (A+B) | As a % of (A+B+C) | | As a % of (A+B) | As a % of (A+B+C) |
| (A) | Shareholding of Promoter & Promoter Group | | | | | | | | |
| (1)' | Indian | | | | | | | | |
| (a) | Individuals/Hindu Undivided Family | 5 | 245300 | 0 | 5.27 | 5.27 | 420514 | 3.51 | 3.51 |
| (b) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| (c) | Bodies Corporate | 6 | 2864539 | 2864339 | 61.54 | 61.54 | 5310639 | 44.31 | 44.31 |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| (e) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| | Sub Total | 11 | 3109839 | 2864339 | 66.81 | 66.81 | 5731153 | 47.82 | 47.82 |
| (2) | Foreign | | | | | | | | |
| (a) | Individuals (Non Resident Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| (b) | Bodies Corporate | 1 | 183700 | 0 | 3.94 | 3.94 | 314914 | 2.63 | 2.63 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| (d) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| | Sub Total | 1 | 183700 | 0 | 3.94 | 3.94 | 314914 | 2.63 | 2.63 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 12 | 3293539 | 2864339 | 70.75 | 70.75 | 6046067 | 50.45 | 50.45 |



| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as a % of total number of Shares | | Total Number of Shares | Total shareholding as a % of total number of shares | |
|---------------|--|------------------------|------------------------|--|---|-------------------|------------------------|---|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) | | As a % of (A+B) | As a % of (A+B+C) |
| (B) | Public shareholding Institutions | | | | | | | | |
| (a) | Mutual Funds/UTI | 0 | 0 | 0 | 0.00 | 0.00 | * | * | * |
| (b) | Financial Institutions/ Bank | 1 | 200 | 200 | 0.00 | 0.00 | *343 | *0.00 | *0.00 |
| (c) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 | * | * | * |
| (d) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0.00 | * | * | * |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 | * | * | * |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | 0.00 | * | * | * |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 | * | * | * |
| (h) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | * | * | * |
| | Sub Total | 1 | 200 | 200 | 0.00 | 0.00 | *343 | *0.00 | *0.00 |
| (2)' | Non – Institutions | | | | | | | | |
| (a) | Bodies Corporate | 138 | 164572 | 149462 | 3.54 | 3.54 | *282123 | *2.35 | *2.35 |
| (b) | Individuals- | | | | | | | | |
| | i- Individual shareholders holding nominal share capital up to Rs. 1 lakh | 4278 | 1071174 | 862985 | 23.01 | 23.01 | *1836298 | *15.32 | *15.32 |
| | ii- Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 5 | 71000 | 71000 | 1.53 | 1.53 | *121714 | *1.02 | *1.02 |
| (c) | Any Other (specify) | | | | | | | | |
| | Clearing Members | 14 | 51226 | 51226 | 1.10 | 1.10 | *87817 | *0.72 | *0.72 |
| | NRI | 12 | 3224 | 3224 | 0.07 | 0.07 | *5527 | *0.05 | *0.05 |
| | Through Proposed Net Public Issue | - | - | - | - | - | 3606150 | 30.09 | 30.09 |
| | Sub Total (B) (2) | 4447 | 1361196 | 1137897 | 29.25 | 29.25 | 5939629 | 49.55 | 49.55 |
| | Total (B)(2)Total Public Shareholding (B)=(B)(1)+(B)(2) | 4448 | 1361396 | 1138097 | 29.25 | 29.25 | 5939972 | 49.55 | 49.55 |
| | Total (A)+(B) | 4460 | 4654935 | 4002436 | 100.00 | 100.00 | 11986039 | 100.00 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipt have been issued | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | 4460 | 4654935 | 4002436 | 100.00 | 100.00 | 11986039 | 100.00 | 100.00 |

* The actual post issue shareholding pattern will be determined based on the subscription across different categories for the non promoter category.

Note: Percentage of shareholding of Promoter & Promoter Group as a post issue paid up capital is subject to change if the unsubscribed portion of rights issue is subscribed by them.



(1)(b) Statement showing Shareholding of persons belonging to the category “Promoter and Promoter Group”

| Sr. No. | Name of the Shareholder | Pre - Issue as on July 06, 2007 | | Post Issue | |
|---------|---|---------------------------------|---|------------------|---|
| | | Number of shares | Shares as a % of total number of shares | Number of shares | Shares as a % of total number of shares |
| 1 | Mr.Yashovardhan Birla | 72000 | 1.55 | 247214 | 2.06 |
| 2 | Mr.A.V.Birla | 79990 | 1.72 | 79990 | 0.67 |
| 3 | Mr.A.V.Birla HUF | 53300 | 1.14 | 53300 | 0.44 |
| 4 | Ms. Sunanda Birla | 26680 | 0.57 | 26680 | 0.22 |
| 5 | Ms. Sujata Birla | 13330 | 0.29 | 13330 | 0.11 |
| 6 | Nirved Traders Pvt. Ltd. | 1110330 | 17.41 | 1903423 | 15.88 |
| 7 | Birla Bombay Pvt. Ltd. | 597250 | 12.83 | 1023857 | 8.54 |
| 8 | Godavari Corporation Ltd. | 246686 | 5.30 | 246686 | 2.06 |
| 9 | Scimitar Investment & Trading Co.P.Ltd. | 200 | 0.00 | 200 | 0.00 |
| 10 | Shearson Investment & Trading Co.P.Ltd. | 810073 | 17.40 | 1788697 | 14.92 |
| 11 | Asian Distributors Pvt.Ltd. | 100000 | 2.15 | 171429 | 1.43 |
| 12 | Samputensili S.p.A., Italy | 183700 | 3.95 | 314914 | 2.63 |
| | Total | 3293539 | 70.75 | 5869720 | 48.97 |

*The Shareholding of the Promoter and Promoter Group will increase after the rights entitlement of Godavari Corporation Ltd. and Scimitar Investment & Trading Co. Pvt. Ltd. are renounced and unsubscribed portion, if any, of the rights issue is met by any the other promoters.

(1)(c) Statement showing Shareholding of person belonging to the category “Public” and holding more than 1% of the total number of shares

| Sr. No. | Name of the Shareholder | Pre - Issue as on July 06, 2007 | | Post Issue | |
|---------|-------------------------------------|---------------------------------|---|------------------|---|
| | | Number of shares | Shares as a % of total number of shares | Number of shares | Shares as a % of total number of shares |
| 1 | Ford Brothers Capital Services Ltd. | 49,301 | 1.06 | * | * |
| | Total | 49,301 | 1.06 | * | * |

* The same, if any, will be determined only after finalization of the basis of allotment.



(1)(d) Statement showing details of locked in shares

| Sr. No. | Name of the Shareholder | Pre - Issue an July 06, 2007 | | Post Issue | |
|---------|---|------------------------------|---|----------------------------|---|
| | | Number of locked in shares | Locked in Shares as a % of total number of shares | Number of locked in shares | Locked in Shares as a % of total number of shares |
| 1 | Mr.Yashovardhan Birla | - | - | 31,203 | 0.26 |
| 2 | Mr.A.V.Birla HUF | - | - | 9,240 | 0.08 |
| 3 | Birla Bombay Pvt. Ltd. | - | - | 221408 | 1.85 |
| 4 | Godavari Corporation Pvt. Ltd. | - | - | 246,686 | 2.06 |
| 5 | Shearson Investment & Trading Co.P.Ltd. | - | - | 1182309 | 3.86 |
| 6 | Asian Distributors Pvt.Ltd. | - | - | 43451 | 0.36 |
| | Total | 0 | 0 | 1734297 | 14.47 |

(I)(a) Statement showing details of Depository Receipts (DRs)

| Sr. No. | Type of outstanding DR (ADRs, GDRs, SDRs, etc.) | Pre & Post Issue | | |
|---------|---|--|--|--|
| | | Number of outstanding DRs underlying DRs | Number of shares underlying outstanding number of shares | Shares outstanding DRs as a % of total |
| | NOT APPLICABLE | | | |

(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares

| Sr. No. | Name of the DR Holder | Pre & Post Issue | | |
|---------|-----------------------|--|-------------------------------|--|
| | | Number of outstanding DRs underlying outstanding DRs | Number shares outstanding DRs | Shares underlying outstanding DRs as a % of total number of shares |
| | NOT APPLICABLE | | | |



8. **Details of the shareholding of the Promoter, relatives of the promoter, Promoter Group, Directors of the Promoter Group in the company as on 06th July, 2007**

| Sr. No. | Name of the entities | No. Of Shares | % holding |
|----------|---|------------------|--------------|
| 1 | PROMOTER: | | |
| | Mr. Yashovardhan Birla | 72,000 | 1.55 |
| | Late Mr. Ashok Vardhan Birla | 79,990 | 1.72 |
| | Late Mr. Ashok Vardhan Birla (HUF) | 53,300 | 1.14 |
| | Late Ms. Sunanda Birla | 26,680 | 0.57 |
| | Late Ms. Sujata Birla | 13,330 | 0.29 |
| | Nirved Traders Pvt. Ltd. | 11,10,330 | 23.85 |
| | Birla Bombay Pvt. Ltd | 5,97,250 | 12.83 |
| | Godavari Corporation Pvt. Ltd | 2,46,686 | 5.30 |
| | Schimitar Investment & Trading Co. Pvt. Ltd | 200 | 0.00 |
| | Shearson Investment & Trading Co. Pvt. Ltd | 8,10,073 | 17.40 |
| | Asian Distributors Pvt. Ltd | 1,00,000 | 2.15 |
| 2 | PROMOTER GROUP: | | |
| | Relatives of Promoter | Nil | Nil |
| | Companies Forming Part of Promoter Group:- | | |
| | Persons acting in concert Samputensili S.p.A, Italy | 1,83,700 | 3.95 |
| | TOTAL PROMOTER & PROMOTER GROUP SHARE | 32,93,539 | 70.75 |
| 3 | DIRECTORS OF THE PROMOTER GROUP / PROMOTER / ISSUER COMPANY: | | |
| | Mr G.L. Lath | 800 | 0.017 |
| | Total | 800 | 0.017 |

9. The promoters/ relatives of promoters/promoter group/directors are holding 32,94,339 equity shares of Rs.10/- each forming 70.77% of the pre-issue capital of the company. The promoters/ directors have undertaken to subscribe to their entitlement in the rights issue in full. In case of under subscription in the rights issue component of the present Rights cum Public Issue promoters and persons in control of the management have undertaken to subscribe to entire unsubscribed portion therein.

The promoters intend to apply for additional shares in the offer such that at least 90% of the offer size is subscribed in case of under subscription in the Rights Issue. As a result of this subscription and consequent allotment, promoters shareholding shall increase to 55.78% of post Rights cum Public issue capital of the Company.

This subscription and acquisition of additional shares by promoters if any will not result in change of control of management of the company and shall be exempt in terms of proviso of regulation 3 (1) (a) and 3(1)(b) of the SEBI (Substantial Acquisition of shares and Takeover) Regulations, 1997.

The allotment to the promoters or the persons in control of the management even if they subscribe to unsubscribed portion as undertaken will not result in public shareholding falling below the permissible minimum level. Thus the provisions of clause 17 of SEBI (Delisting of Securities) Guidelines 2003 are not applicable.

As per clause 40A of the listing agreement, the shareholding with public will not be less than 25% on continuous basis.



10. None of the Promoters including Promoter Group and Associates and Directors have purchased / sold Equity shares of the Company, during the period of six months preceeding the date on which Offer Document is filed with SEBI, except the following:

| Date | Transferee | Transferor | Consideration | Number of Shares |
|---------------|-------------------------------|------------------------------------|--|------------------|
| June 13, 2007 | M/s. Nirved Traders Pvt. Ltd. | M/s. Birla International Pvt. Ltd. | Scheme of Arrangement of Birla International Pvt. Ltd. with Nirved Traders Pvt. Ltd. | 8,10,330 |
| July 05, 2007 | M/s. Nirved Traders Pvt. Ltd. | M/s. Birla International Pvt. Ltd. | Scheme of Arrangement of Birla International Pvt. Ltd. with Nirved Traders Pvt. Ltd. | 3,00,000 |

11. Equity Shares held by top TEN Shareholders:

a) Top ten shareholders as on two years prior to the date of filing of the Offer Document with SEBI

| Sr. No | Name of the shareholders | No. Of shares | % age |
|--------|--|------------------|--------------|
| 1 | M/s Birla International Pvt. Limited | 11,52,000 | 24.75 |
| 2 | M/s Birla Bombay Pvt. Limited | 5,97,250 | 12.83 |
| 3 | M/s Shearson Investment & Trading Co. Pvt. Limited | 5,86,300 | 12.60 |
| 4 | M/s Godavari Corporation Pvt. Limited | 2,03,036 | 4.36 |
| 5 | M/s Oswald Forst GmbH | 1,93,330 | 4.15 |
| 6 | M/s Samputensili S.P.A. | 1,83,700 | 3.95 |
| 7 | M/s Capricorn Leasors Distributors Pvt. Ltd | 1,24,000 | 2.67 |
| 8 | M/s Asian Distributors Limited | 1,00,000 | 2.15 |
| 9 | M/s Hallmark Leasors & Distributors Pvt. Limited | 1,00,000 | 2.15 |
| 10 | Late Mr. Ashok Vardhan Birla (Joint Holder Late Ms. Sunanda Birla) | 79,990 | 1.72 |
| | Total | 33,19,606 | 71.33 |

b) Top ten shareholders 10 days prior to the date of filing of the Offer Document with SEBI

| Sr. No | Name of the shareholders | No. Of shares | % age |
|--------|--|------------------|--------------|
| 1 | M/s. Nirved Traders Pvt. Ltd. | 11,10,330 | 23.85 |
| 2 | M/s. Shearson Investment & Trading Co. Pvt. Limited | 8,10,073 | 17.40 |
| 3 | M/s Birla Bombay Pvt. Limited | 5,97,250 | 12.83 |
| 4 | M/s Godavari Corporation Pvt. Limited | 2,46,686 | 5.30 |
| 5 | M/s Samputensili S.P.A. | 1,83,700 | 3.95 |
| 6 | M/s Asian Distributors Limited | 1,00,000 | 2.15 |
| 7 | Late Mr. Ashok Vardhan Birla (Joint Holder Late Ms. Sunanda Birla) | 79,990 | 1.72 |
| 8 | Mr. Yashovardhan Birla | 72,000 | 1.54 |
| | Ashok Vardhan Birla (HUF) | 53,300 | 1.15 |
| 9 | Mr. Ashok Vardhan Birla (HUF) | 53,300 | 1.15 |
| 10 | Ford Brothers Capital Services Ltd. | 49,301 | 1.05 |
| | Total | 32,53,329 | 72.09 |



c) Top ten shareholders on the date of filing of the Offer Document with SEBI

| Sr. No | Name of the shareholders | No. Of shares | % age |
|---------------|--|----------------------|--------------|
| 1 | M/s. Nirved Traders Pvt. Ltd. | 11,10,330 | 23.85 |
| 2 | M/s. Shearson Investment & Trading Co. Pvt. Limited | 8,10,073 | 17.40 |
| 3 | M/s Birla Bombay Pvt. Limited | 5,97,250 | 12.83 |
| 4 | M/s Godavari Corporation Pvt. Limited | 2,46,686 | 5.30 |
| 5 | M/s Samputensili S.P.A. | 1,83,700 | 3.95 |
| 6 | M/s Asian Distributors Limited | 1,00,000 | 2.15 |
| 7 | Late Mr. Ashok Vardhan Birla (Joint Holder Late Ms. Sunanda Birla) | 79,990 | 1.72 |
| 8 | Mr. Yashovardhan Birla | 72,000 | 1.54 |
| | Ashok Vardhan Birla (HUF) | 53,300 | 1.15 |
| 9 | Mr. Ashok Vardhan Birla (HUF) | 53,300 | 1.15 |
| 10 | Ford Brothers Capital Services Ltd. | 47,301 | 1.02 |
| | Total | 32,53,329 | 72.06 |

12. Buy-back and Standby Arrangement:

The Company, its Promoters, Promoter Group, Directors or the Lead Manager have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company from any person.

13. As per SEBI guidelines, a minimum of 50% of the net offer to public issue is reserved for allotment to retail investors applying for Equity Shares of a value of not more than Rs.1,00,000. The remaining 50% of the net offer to the public is reserved for no retail investors applying for Equity Shares of a value more than Rs. 1,00,000. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
14. The Company has not raised any bridge loan against the proceeds of the Issue.
15. The Equity Shares offered through this Public Issue will be fully paid-up.
16. As of the date of the Offer Document, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
17. The Company has revalued its fixed assets on 31st March 2003. For details please refer Section 'Revaluation of Assets during the Last Five Years' on Page No. 185. However the company has not issued any shares out of revaluation reserves in the last five years. No bonus Shares have been issued in the last five years.
18. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Offer Document with SEBI until the Equity Shares offered through this Offer Document have been listed.
19. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
20. The Company presently do not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, either by way of split or consolidation of the Equity Shares or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/ or participation in such joint ventures.
21. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
22. The total numbers of members of the Company as on 6th July, 2007 are 4,460.
23. An over subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of while finalising the allotment.
24. No shares have been allotted through a public issue in the last two years nor has the Company bought back its equity shares in the last six months.
25. The Company has not granted any options or shares of the Company under any scheme of Employee Stock Options or Employee Stock Purchase to its employee.



OBJECTS OF THE OFFERING

The Company proposes to raise equity through this composite issue to meet the following objectives:

- I. Setting up a new plant for providing machining facility of castings at Aurangabad.
- II. To repay the unsecured loan raised by the Company for setting up the Gandhidham unit from Nirved Traders Private Limited, Promoter Company.¹
- III. To meet the margin money for working capital requirement for Aurangabad Project
- IV. To meet the expenses of the issue

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association enables the Company to undertake the existing activities and the activities for which the funds are being raised by the Company, through this Issue.

¹Pursuant to the Scheme of Arrangement approved by Honourable High Court, Mumbai, the unsecured loan has been transferred to Nirved Traders Private Limited from Birla International Private Limited. Nirved Traders Private Limited has given its consent vide letter dated 11th July, 2007 to convert the unsecured loan into Equity Shares as contribution to their Rights Entitlement for the Proposed Rights Issue.

Funds Requirement

The Company has estimated funds requirement as under:

| Sr. No. | Particulars | Amount (Rs. In Lacs) |
|---------|---|-------------------------|
| I. | Setting up a new plant for providing machining facility of castings at Aurangabad. | 2,079.86 |
| II. | Repay the unsecured loan raised by the Company for setting up the Gandhidham Project from Nirved Traders Private Limited, Promoter Company. | 470.14 |
| III. | Margin Money for Working Capital requirement for Aurangabad Project | 50.00 |
| IV. | To meet Expenses of Issue | 300.00 |
| | Total | 2,900.00 |

Note: Out of the total cost 62.58% will be utilized to create the tangible assets.

Funding Plans (Means of Finance)

The funding plans proposed by the company are as under:

| Sr. No. | Particulars | Amount (Rs. In Lacs) |
|---------|---|-------------------------|
| 1. | Rights Issue of Equity Shares | 1,097.23 |
| 2. | Public Issue of Equity Shares | 1,622.77 |
| 3. | Promoter Contribution in the Public Issue | 180.00 |
| | Total | 2,900.00 |

Any shortfall in the funding plans will be met through the Company's internal accruals.

PROJECT DETAILS

I. SETTING UP A NEW PLANT FOR PROVIDING MACHINING FACILITY FOR CASTINGS AT AURANGABAD, INDIA.

The Company is planning to set up a plant at Aurangabad to provide machining facility for castings.



Salient Features of the Project:

The above mentioned Project will have the following benefits

1. Majority of the castings which will be machined will be purchased/job ordered from Birla Perucchini Ltd. which is located at Waluj, Aurangabad.
2. Automobile component manufacturers are based at locations geographically close to this unit like Pune, Nasik & Aurangabad therefore it will be easier to deal with them.

The breakup of funds required for the machining project is as follows:

(Rs. in Lacs)

| Sr. No. | Details | Amount |
|---------|-------------------------------------|----------------|
| i | Land, Site Development & Building | 120.00 |
| ii | Plant Machinery & Electrical | 1365.50 |
| iii | Miscellaneous Fixed Assets | 329.36 |
| iv | Preliminary & Preoperative Expenses | 80.00 |
| v | Contingencies | 185.00 |
| | Total | 2079.86 |

i. Land, Site Development & Building (Rs. 120.00 lacs):

The break up of the cost estimates for land and site development is as follows:

(Rs. in Lacs)

| Particulars | Amount |
|--------------|---------------|
| Land | 0.00 |
| Building | 120.00 |
| Total | 120.00 |

Land (Available)

| | |
|-------------------------|--------------------------------|
| Plot No | Plot No. A-3 |
| Lease Rent | Rs. 1,357 per annum |
| Plot Area | 3768 Sq. m |
| Date of Lease Agreement | 03 rd January, 1973 |
| Lease Premium | Rs. 4,710 |

This plot is a part of a larger plot, admeasuring 21840 Sq. m. which is being used for existing operations for manufacturing Cutting Tools. Out of the total land, 3768 Sq. m. will be used for Machining Project. The FSI (Floor Space Index) is 0.5.

Building (Rs. 120.00 Lacs)

| | |
|---|------------|
| Plot Area | 3000 Sq. m |
| Permissible Built-up Area | 1500 Sq. m |
| Industrial shed & RCC roof (AC Area) | 874 Sq. m |
| Heat Treatment Plant, Canteen | 40 Sq. m |
| Executive Substation, Utility, AC plant & oil storage | 150 Sq. m |
| Security Cabin | 6 Sq. m |
| Parking Shed | 30 Sq. m |
| Total Proposed Built-up Area | 1100 Sq. m |

The cost of building is estimated as Rs. 8000 per square meter for 1500 square meter (permissible built up area)

Till date the Company has not entered into any contract for construction of the building, but the same will be done in September 2007.



ii. Plant Machinery & Electrical (Rs. 1365.50 lacs)

Details about the plant & machinery along with their cost are as follows:

| Sr. No. | Plant & Machinery | Quantity (in Numbers) | Amount (Rs. Lacs) (inclusive of taxes) | Name of Supplier | Quotation | Date of Quotation |
|---------|------------------------------|-----------------------|--|--|----------------------------|---|
| 1 | CNC Machine | 11 | 266.00 | ACE Manufacturing Systems Ltd | - | 01 st December, 2006 |
| 2 | Honning Machine | 1 | 77.00 | Engis Corporation, U S A | Q. No, 0619256 | 27 th February, 2007 |
| 3 | V M C | 11 | 607.00 | Deckle Maho Gildemeister | DMC 635V/5-06 | 6 th December, 2006 |
| 4 | Vibro Deburring | 1 | 13.00 | Premium Vijimech Pvt. Ltd. | PVPLJ07063f2014 | 31 st December, 2006 |
| 5 | Cleaning M/c | 3 | 60.00 | Supersonics Industries | SI/Q/2006-07/M-12 | 29 th December, 2006 |
| 6 | Leak Testing Machine | 6 | 78.50 | ATEQ Systems Analytic India Pvt. Ltd. | - | 03 rd January, 2007 |
| 7 | Centralised Coolant System | | 52.00 | Veeraja Industries Ltd | BPA 1099 | 11 th January, 2007 |
| 8 | Gauging & Inspection Machine | | 212.00 | Mitutoyo South Asia Pvt. Ltd. Mikronix Gauges Pvt. Ltd. | MSA/PUQU/226 QUO / 3000 | 27 th February, 2007 08 th January, 2007 |
| | Total | | 1365.50 | | | |

iii. Miscellaneous Fixed Assets (Rs. 329.36 Lacs)

Quotations for these machinery/equipments have not been taken.

(Rs. in lacs)

| Sr. No | Details | Qty | Amount |
|--------|------------------------------|----------|---------------|
| 1 | Material Handling Equipments | Lump sum | 25.00 |
| 2 | Fixtures and Cutting Tools | Lump sum | 232.36 |
| 3 | Air Compressor & Drier | Lump sum | 27.00 |
| 4 | Electricity Utilities | Lump sum | 45.00 |
| | Total | | 329.36 |

iv. Pre Operative Expenses (Rs. 80 lacs)

(Rs. in Lacs)

| Sr. No | Details | Amount |
|--------|---|--------------|
| 1 | Employee Cost | 30.00 |
| 2 | Traveling (Including Foreign Traveling) | 25.00 |
| 3 | Other Overheads | 25.00 |
| | Total | 80.00 |

v. Contingencies (Rs. 185.00 Lacs)

Contingencies for the project are estimated to be Rs. 185.00 lacs being approximately 10.00% of cost of plant and machinery to be incurred for the project.

II. TO REPAY THE UNSECURED LOAN RAISED BY THE COMPANY FOR SETTING UP THE GANDHIDHAM PROJECT FROM NIRVED TRADERS PRIVATE LIMITED, PROMOTER COMPANY.

The initial plan of the Company was to set up a New Unit at Gandhidham, Kutch, Gujarat, for manufacturing of gear cutting tools and broaches. The total estimated cost of project was Rs. 2288.41 lacs.

However, due to delay in the composite issue, the Company implemented the project through funding received from the Promoters, Term Loan from EXIM Bank and internal accruals. The Project was implemented and commercial production started in December 2005. The actual cost incurred for the Project is Rs. 2164.95 lacs.



The Cost of Project and Means of Finance is mentioned below: -

The details of Cost of Project are as under:

(Rs. in Lacs)

| Sr. No. | Details | Amount |
|---------|------------------------------|----------------|
| 1 | Land | 35.35 |
| | Development - Road & Land | |
| 2 | Buildings | 236.50 |
| 3 | Plant Machinery & Electrical | 1893.10 |
| | Total Cost Of Project | 2164.95 |

Sources of Financing

The auditor M/s M.K. Sureka & Co. vide certificate dated 11th January, 2007 has certified the amount of Rs. 2164.95 lacs which has been spend out of the sources of financing detailed below:

Rs. In Lacs

| Means of Finance | Gandhidham Project |
|-------------------------------|--------------------|
| Unsecured Loans | 750.07 |
| Public Issue of Equity Shares | 0.00 |
| Term Loans | 1126.13 |
| Internal Accruals/ Creditors | 288.75 |
| Total | 2164.95 |

The auditor of the company vide certificate dated: 11th January, 2007 has also certified the estimated amount of contract executed as per purchase order / work order and the amount spent against that for Gandhidham project till 11th August 2006. Details of which are as follows:

Rs. In Lacs

| Sr. No. | Particulars | Estimated Amount of Contract Executed As Per Purchase Order /Work Order | Amount Spent/ Incurred |
|---------|-------------------------------|---|------------------------|
| 1) | Land | 35.35 | 35.35 |
| 2) | Building | 266.46 | 236.50 |
| 3) | Plant, Machinery & Electrical | 1986.61 | 1893.10 |
| | TOTAL | 2288.41 | 2164.95 |

a. Term Loan:

The Company has been sanctioned Rs. 1,155 Lacs from EXIM Bank, out of which Rs. 1126.13 Lacs has been disbursed for the Gandhidham Project. The terms and conditions of the Term Loan are mentioned below:

| | |
|----------------------|--|
| Name of the Borrower | Dagger Forst Tools Limited (DFTL) |
| Amount of Loan | Rs. 1,155 Lacs |
| Currency | Indian Rupee |
| Purpose | To part finance DFTL's Expansion project at Gandhidham, Gujarat for manufacture of specialized cutting tools viz. broaches, hobs and shaving cutters. |
| Rate of Interest | 10% p.a., payable quarterly |
| Availability Period | December 31, 2005 |
| Repayment | To be repaid in 20 quarterly installments commencing after one year from the date of commencement of commercial production that i.e. 30 th December 2006 onwards. |
| Processing Fees | Rs. 10,000/- + Service tax as applicable (presently 10.2%) |
| Documentation Fee | Rs. 15,000/- + Service tax as applicable (presently 10.2%) |
| Service Fee | 1% of the loan amount (non refundable) i.e. Rs. 1155 lacs payable upfront + service tax, as applicable (presently 10.2%) |



| | |
|---|---|
| Primary Security | Pari Passu charge on the movable fixed assets of the company including immovable properties, both present and future |
| Collateral Security | Second pari passu charge over the current assets of the company including receivable, both present and future |
| Additional Interest by way of liquidated damages (in case of default) | Defaulted amounts of principal and interest if any, will attract liquidated damages at the rate of 2% p.a. over and above the applicable interest rate. |
| Other Conditions | Comprehensive insurance cover for earthquake / flood for the assets to be acquired under the expansion project at Gandhidham, Gujarat. The insurance should cover 'Loss Of Profit' due to production loss on account of flood or earthquake. |
| Interim Disbursement | At the request of DFTL, EXIM Bank may at its absolute discretion, consider disbursements out of loan pending creation of mortgage of immovable properties up to 75% of the sanctioned amount, subject to compliance of other terms and conditions and execution of an undertaking to create mortgage, to the satisfaction of EXIM Bank, within a period of 6 months from the date of the loan agreement. Failure to create mortgage within the above-stipulated period will attract additional interest of 1% p.a. over and above the contracted rate with retrospective effect from the date of first disbursement till the date of mortgage creation. |

b. Unsecured Loan:

The Company has received an unsecured loan from the Promoters of the Company viz. Birla International Pvt. Ltd. and Godavari Corporation Pvt. Ltd. amounting to Rs. 470.14 Lacs and Rs. 279.93 Lacs respectively. As per the scheme of arrangement approved by Honourable High Court, Mumbai regarding demerging the "Infrastructure Services Division" of Birla International Pvt. Limited (BIL) to Nirved Traders Private Limited (NTL), the unsecured loan of BIL was transferred as a liability to NTL.

For details of Scheme of Arrangement, please refer to the heading "Capital Structure", point no. 7 on page 14 of this Offer Document.

Details of the Unsecured Loan are given below:

a. Birla International Pvt. Ltd. (Pursuant to scheme of arrangement, the unsecured loan has been transferred to Nirved Traders Private Limited):

| Sr. No. | Date of Loan taken | Amount (in lacs) | Rate of Interest |
|---------|----------------------------------|------------------|------------------|
| 1 | 19 th September, 2005 | 100.00 | 10% per annum |
| 2 | 20 th September, 2005 | 100.00 | 10% per annum |
| 3 | 30 th November, 2005 | 100.00 | 10% per annum |
| 4 | 27 th December, 2005 | 50.00 | 10% per annum |
| 5 | 18 th January, 2006 | 100.00 | 10% per annum |
| 6 | 31 st July, 2006 | 20.14 | 10% per annum |
| | Total | 470.14 | |

b. Godavari Corporations Pvt. Ltd.:

| Sr. No. | Date of Loan taken | Amount (in lacs) | Rate of Interest |
|---------|-----------------------------|------------------|------------------|
| 1 | 31 st July, 2006 | 279.93 | 10% per annum |

The amount was used to finance the Gandhidham Project. Nirved Traders Pvt. Ltd. vide its letters dated 11th July, 2007 has given its consent to the Company to retain their funds and convert the principal into Equity as contribution in the proposed Rights Issue.

The Company has proposed that a Rights Offer be floated through which Nirved Traders Pvt. Ltd. along with the existing shareholders will have the right to subscribe to their entitlement and applying the unsecured loans towards subscription amount.

Accordingly, an amount not exceeding Rs. 470.14 lacs would be treated as an advance subscription amount/share application money towards equity shares to be subscribed by Nirved Traders Pvt. Ltd. as per their rights entitlement and



also for any additional shares that this promoter may subscribe in order to ensure minimum 90% subscription and/or acquire the shares from the renouncer. The balance amount, if any, will be repaid to Nirved Traders Private Limited.

III. Margin Money for Working Capital for the Aurangabad Project (Rs. 50 Lacs)

The margin money to be funded out of the proposed Issue has been computed as follows:

| Working capital | No. of Days | Base |
|-------------------------------|-------------|--------------------------------|
| Raw materials | 12 | Cost of raw materials consumed |
| Stores | 30 | Cost of stores consumed |
| Finished Goods | 12 | Cost of Sales / Production |
| Debtors | 60 | Cost of Sales |
| Creditors for RM | 60 | Cost of raw materials consumed |
| Creditors for Stores & Spares | 45 | Cost of stores consumed |

The working capital for the year 2008-09

Rs. in Lacs

| Sr.No. | Details | Amount |
|--------|----------------------------------|---------------|
| 1 | Finished Good | 60.00 |
| 2 | Raw material | 37.00 |
| 3 | Stores | 20.30 |
| 4 | Debtors | 300.00 |
| 5 | Total Current Assets | 417.30 |
| 6 | Less Creditors | |
| | a) Raw material | 185.00 |
| | b) Stores and Spares | 30.45 |
| | Total creditors | 215.45 |
| | Total Net Working Capital | 201.85 |
| | Margin Money @ 25 % | 50.00 |

IV. To meet the expenses of the issue (Rs. 300.00 Lacs)

(Rs. In Lacs)

| Sr. No. | Particulars | Amount |
|---------|--|---------------|
| 1 | Lead Manager & Registrars fees, Audit Fees & Consultancy | 90.00 |
| 2 | Printing & Stationery / Dispatch | 40.00 |
| 3 | Brokerage & Selling Commission | 80.00 |
| 4 | Advertisement & Marketing Expenses | 45.00 |
| 5 | Other Expenses (Listing Fees, Depository Charges etc.) | 45.00 |
| | Total | 300.00 |

Appraisal

The funds requirement and funding plans are Company's own estimates; quotations received from supplier and have not been appraised by any bank / financial institution.

Schedule of Implementation

Aurangabad Project

| Sr. No. | Activity | From | To |
|---------|--|----------------|----------------|
| A | 1. Preparation of building drawing & approval from GDA | September 2007 | October 2007 |
| | 2. Finalization of Contractor | September 2007 | September 2007 |
| | 3. Commencement of Civil Work | October 2007 | July 2008 |



| Sr. No. | | Activity | From | To |
|---------|--|---|---------------|----------------|
| B | Manpower | 1. Recruitment | October 2007 | May 2008 |
| | | 2. On the job training at site | July 2008 | September 2008 |
| C | Plant & Machinery | 1. Quotation from supplier | June 2006 | September 2007 |
| | | 2. Order Placement & Establishing L/C | November 2007 | December 2007 |
| | | 3. Delivery | February 2008 | August 2008 |
| | | 4. Installation and Commissioning | August 2008 | October 2008 |
| | | 5. Electrical Installation & Air conditioning | May 2008 | August 2008 |
| E | Commencement of Commercial Production | | November 2008 | |
| F | Government Approval | 1. L.T. Connection | November 2007 | January 08 |
| | | 2. Water Supply | October 2007 | December 2007 |

Funds Deployed

No funds have been deployed till date for the Aurangabad Project.

Quarter-wise detail of balance funds to be deployed

The amount is proposed to be incurred by the Company in the fiscal 2008 and fiscal 2009. The quarter-wise break-up of the fund deployment is as follows:

Aurangabad Project

(Rs. Lacs)

| Sr. No. | Description | Fiscal 2007 – 2008 | | | Fiscal 2008 – 2009 | | Total |
|---------|-----------------------------------|--------------------|---------------|---------------|--------------------|---------------|-----------------|
| | | Jul - Sep | Oct - Dec | Jan – Mar | Apr – Jun | July - Sept | |
| I. | Aurangabad Project | | | | | | |
| | Buildings | - | 20.00 | 40.00 | 35.00 | 25.00 | 120.00 |
| | Plant Machinery & Electrical | - | 100.00 | 130.00 | 550.00 | 585.50 | 1,365.50 |
| | Miscellaneous Fixed Assets | - | - | - | 197.62 | 131.74 | 329.36 |
| | Contingencies | - | - | - | 107.00 | 78.00 | 185.00 |
| | Pre Operative Expenses | - | - | - | 40.00 | 40.00 | 80.00 |
| II. | Margin For Working Capital | - | - | - | - | 50.00 | 50.00 |
| | Total | | 120.00 | 170.00 | 929.62 | 910.24 | 2,129.86 |

Interim Use of Funds

Pending utilization in the project as per the manner as referred to above, the proceeds of the issue will be invested in less productive assets such as bank deposits and / or Gilt Edged Government securities, either directly or through mutual funds.

Monitoring Agency

As per clause 8.17.1 of SEBI DIP Guidelines, the Company has not appointed the monitoring agency to monitor its projects. However as per clause 49 of the listing agreement, the money raised through this issue shall be disclosed to the Audit Committee, the uses / applications of funds on a quarterly basis as a part of its quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Offer Document and place it before the audit committee. Such disclosure shall be made only till such time that the full money raised through the issue has been fully spent.

Further, the Company has appointed the committee who will monitor the deployment of funds. The Monitoring Committee will be headed by the Group Finance Director, Mr. PVR Murthy and will consist of the following members:

- CEO - Mr. P.S. Sainani,
- GM(Comm) - Mr. Ketan Acharya,



-
- Head of Engineering - Mr. J. J. Gangwani,
Head of Production - Mr. Mr. B. K. Chakraborty and
Project Incharge - The project incharge will be appointed closer to the initiation of the project. Till that time the project will be monitored by the CEO, Mr. P.S. Sainani.

The Committee will meet once every month and will monitor the overall project which will also include monitoring the utilisation of issue proceeds. A budget for the project has been prepared with proposed utilisation of funds at various stages. The budget will be monitored periodically by the Committee and any deviations will be discussed and then approved. Proper mechanism has been put in place for monitoring the project which includes the monitoring of utilisation of issue proceeds.

Basic Terms of Issue

The Equity Shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Offer Document and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the issue. The Equity Shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and/or other authorities as in force on the date of issue and to the extent applicable.



BASIS FOR ISSUE PRICE

Investors should read the following summary with the Risk Factors included from page vi to xx and the details about the Company and its financial statements included in this Offer Document. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors

- Leadership in terms of sales turnover in the tools industry. For details please refer heading “Competition, Key Players and Market Share” on page 51 of this Offer Document.
- Established sales & technical services network all over India at all key locations mainly Delhi, Chennai, Bangalore, Pune, Jamshedpur, and Chandigarh etc.
- Competitive cost of production and low break even at Gandhidham unit due to exemption in payment of excise duty leads to sell the products at competitive price to its customers.
- Multi-location production facilities i.e. in Thane & Aurangabad in Maharashtra and Gandhidham in Gujarat.
- Major Customers – Automobile OEMs such as Suzuki, Hyundai, Honda, TVS, Tata etc. and other auto component manufacturers and Defence/Government Undertakings. For details please refer heading “Consumer Profile” on Page 51 of this Offer Document.
- Top management has on an average 35 years of experience in the Forging Industry. Hence there has been an expertise in manufacturing and providing customer service.

Quantitative Factors

1. Adjusted earning per share (EPS) weighted

| Year | EPS | Weightage |
|---|-------------|-----------|
| 12 Months Ended 30 th June 2005 | 0.33 | 1 |
| 9 Months Ended 31 st March 2006 | 2.27 | 2 |
| 12 Months Ended 31 st March 2007 | 2.46 | 3 |
| Weighted average | 2.04 | |

2. Price Earning ratio (P/E ratio) in relation to the Issue Price of Rs 33 per share in case of Rights Issue and Rs. 45 in case of Public Issue

| Particulars | P/E |
|--|--------|
| A Rights Issue Price of Rs. 33 per share | |
| (a) Based on EPS of Year Ended 31 st March 2007 i.e. Rs. 2.46 | 13.41 |
| (b) Based on weighted average (EPS) of Rs. 2.04 | 16.16 |
| B Public Issue Price of Rs. 45 per share | |
| (a) Based on EPS of Year Ended 31 st March 2007 i.e. Rs. 2.46 | 18.29 |
| (b) Based on weighted average (EPS) of Rs. 2.04 | 22.06 |
| C PE Multiple Engineering Industry | |
| ● Highest | 174.40 |
| ● Lowest | 6.10 |
| ● Average | 27.60 |

Source: Capital Market Volume XXII/10, dated July 16 – 29, 2007; Category: Engineering



The Company is in Cutting Tool business. The accounting ratios of companies in the Industry Group (Engineering) are as follows:

| Company | EPS (Rs.) | P/E Ratio | RONW (%) | NAV (Rs.) |
|--|-----------|-----------|----------|-----------|
| Dagger Forst 12 Months Ended 31 st March 2007 | 2.46 | 27.30 | 0.05 | 51.33 |
| Kennametal India – 30 th June 2006 | 14.60 | 31.90 | 25.80 | 70.30 |
| Kulkarni Power – 31 st March 2007 | 14.70 | 7.60 | 22.50 | 62.20 |
| Batliboi Ltd. – 31 st March 2007 | 9.80 | 15.30 | 31.30 | 29.90 |

Source: Capital Market Volume XXII/10, dated July 16 – 29, 2007; Category: Engineering

Please note the company is in the business of cutting tools. The companies mentioned above are not the exact comparables for the Company. None of the companies who are in the same business as that of DFTL are listed.

3. Return on Net worth

| Year | RONW (%) | Weightage |
|---|-------------|-----------|
| 12 Months Ended 30 th June 2005 | 0.67 | 1 |
| 9 Months Ended 31 st March 2006 | 4.52 | 2 |
| 12 Months Ended 31 st March 2007 | 4.80 | 3 |
| Weighted Average | 4.01 | |

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs 2.46 is 5.57%

4. Net Asset Value (NAV) per share (Rs.)

| | | |
|----|-----------------------------------|-------|
| a) | As on March 31 st 2006 | 50.41 |
| b) | As on March 31 st 2007 | 51.33 |
| c) | After Public Issue* | 44.12 |
| d) | Rights Issue Price | 33 |
| e) | Public Issue Price | 45 |

* Calculation of NAV after Public Issue also includes the Rights Issue Component.

The face value of shares is Rs.10/- and the Issue price of rights component is 3.3 times of the face value and the issue price of public issue component is 4.5 times of the face value.

The Lead Manager believes that the issue Price of Rs. 33 for the rights component and Rs. 45 of the public issue component is justified in view of the above qualitative and quantitative parameters.



STATEMENT OF TAX BENEFITS

The Tax Auditors of the Company M/s. Sureka & Co., Chartered Accountants who vide their letter dated - 01st June, 2007 have stated the possible tax benefits available to Dagger Forst Tools Limited (the "Company") and its shareholders under the current tax laws presently in force in India.

Dagger Forst Tools Ltd.

1st Pokhran Road,

Thane-400 606

Dear Sirs,

Re: Tax Benefits available to the Company and the Shareholders on Proposed Public Issue of Shares under the existing tax laws.

As desired by you, we enclose herewith an 'Annexure' giving the details of the possible Tax Benefit available to **Dagger Forst Tools Limited ("the Company")** and its **Shareholders** under the current direct tax laws, in India.

Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it 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 and we are absolved of any liability to the shareholder or placing reliance upon the contents of this material.

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

- The Company or its Shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefit have been / would be met with;
- The revenue authorities / courts will concur with the views expressed herein.

Our views are based on the existing provisions of law as amended by Finance Act, 2007 and its interpretation, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

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

Thanking you,

Yours faithfully,
For M. K. Sureka & Co.,

sd/-
(M. K. Sureka)

Proprietor



RE: DAGGER FORST TOOLS LIMITED

ANNEXURE TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS.

BENEFITS AVAILABLE UNDER THE INCOME TAX ACT, 1961 "ACT":

I. SPECIAL TAX BENEFITS UNDER THE "ACT":

There are no special tax benefits under the Act to the company and its shareholders.

II. GENERAL TAX BENEFITS UNDER THE "ACT":

A. BENEFITS TO THE COMPANY ARE AS UNDER:

1. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -
 - (a) In respect of tangible assets and intangible assets being in the nature of know-how, 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;
 - (b) In respect of machinery or plant (other than ships & aircrafts) which has been acquired and installed after 31st March, 2005 by the Company for the purpose of its business of manufacture or production, a further sum equal to 20% of the actual cost of such machinery or plant will be allowed as deduction.
2. Dividend income from shares or units of mutual funds specified under section 10(23D) of the income tax Act, is exempt from income tax in accordance with and subject to the provisions of section 10(34) read with Section 115-O or section 10(35) respectively, of the Income-tax Act. As per the provisions of Section 14A of the Income-tax Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, Section 94(7) of the Income-tax 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 are claimed as tax exempt.
3. Under section 10(38) of the Act, the Long-Term Capital Gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company.

However, with effect from 1st April 2007 i.e. for the Assessment Year 2007-2008 onwards such Long Term Capital Gain shall be taken into account in computing the book profit and income tax payable u/s 115 JB.
4. The Company is eligible under Section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
5. Under section 35DD of the Income tax Act, for any expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger, the Company is eligible for deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation or demerger takes place.
6. The Company will be entitled to claim expenditure incurred in respect of voluntary retirement scheme under scheme 35DDA of the Act in five equal annual installments
7. As per the provisions of Section 112(1)(b) of the Act, other Long-Term Capital Gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess). However, as per the Proviso to that section, the Long-Term Capital Gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on Long-Term Capital Gains worked out after considering indexation benefit (plus applicable surcharge, education cess and secondary & higher education cess), which would be restricted to 10% of Long-Term Capital Gains worked out without considering indexation benefit (plus applicable surcharge, education cess and secondary & higher education cess).
8. As per the provisions of section 111A of the Act, Short-Term Capital Gains arising to the company from transfer of Equity Shares in any other company through a recognized Stock Exchange or from sale of units of any equity-oriented mutual fund are subject to tax at the rate of 10% (plus applicable surcharge, education cess and secondary & higher education cess), if such a transaction is subjected to Securities Transaction Tax.
9. In accordance with and subject to the conditions specified in Section 54EC of the Act, the company would be entitled to exemption from tax on Long-Term Capital Gain [not covered by Section 10(36) and Section 10(38) of the Act] if



such capital gain is invested in any of the long-term specified assets (herein-after referred to as the "new asset") to the extent and in the manner prescribed in the said sections. Provided that the Investment made on or after the 1st day of April 2007, in the new assets during the financial year does not exceed Fifty lacs rupees. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of Capital Gains for which exemption is availed earlier would become chargeable to tax as Long-Term Capital Gains in the year in which such new asset is transferred or converted into money. If only a portion of capital gain is so invested, the exemption is available proportionately. .

10. The corporate tax rate shall be 30% (plus applicable surcharge, education cess and secondary & higher education cess) .In addition to income tax, a fringe benefit tax at the rate of 30% (plus applicable surcharge, education cess and secondary & higher education cess) would be payable in respect of fringe benefits provided/deemed to be provided to the employees.
11. Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act. However no interest shall be payable on the tax credit under this sub-section. Such MAT credit shall be available for set-off up to 5 years succeeding the year in which the MAT credit initially arose. However, such MAT credit shall now be available for set off up to 7 years with effect from 1.4.2007 i.e. Assessment Year 2007-2008.

B. TO THE MEMBERS OF THE COMPANY:

Resident Members:

- o Dividend income of shareholders is exempt from income tax under section 10(34) read with Section 115-O of the Income-tax Act. As per the provisions of Section 14A of the Income-tax Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, Section 94(7) of the Income-tax Act provides that losses arising from the sale/transfer of shares purchased upto three months prior to the record date and sold or transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt by the shareholders.
- o Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.
- o In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.
- o Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. For Investment made on or after the 1st Day of April 2007, the exemption would be restricted to the amount which does not exceed Rupees Fifty Lacs during the financial year .

- o Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- o As per the provisions of section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax, to the extent



of Securities Transaction Tax paid on such transactions. The amount of rebate shall, however, be limited to the amount arrived at by applying the average rate of income tax on such business income.

- o Under section 111A of the Act, capital gains arising to a shareholder from transfer of short term capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% (plus applicable surcharge, education cess and secondary & higher education cess).
- o Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge, education cess and secondary & higher education cess) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge, education cess and secondary & higher education cess) (without indexation), at the option of the Shareholders.

Non Resident Indians / Members other than FIIs and Foreign Venture Capital Investors:

- o Dividend income of shareholders is exempt from income tax under section 10(34) read with Section 115-O of the Income-tax Act. As per the provisions of Section 14A of the Income-tax Act, no deduction is allowed in respect of any expenditure incurred in relation to such dividend income to be computed in accordance with the provisions contained therein. Also, Section 94(7) of the Income-tax Act provides that losses arising from the sale/transfer of shares purchased upto three months prior to the record date and sold or transferred within three months after such date, will be disallowed to the extent dividend income on such shares are claimed as tax exempt by the shareholders.
- o Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.

Tax on income from investment and Long Term Capital Gains (other than those exempt u/s 10(38):

- ❑ A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. "Special Provisions Relating to certain incomes of Non-Residents".
- ❑ Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessional tax at a flat rate of 10% (plus applicable surcharge, education cess and secondary & higher education cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.
- o Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
 - ❑ Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- o Return of income not to be filed in certain cases
 - ❑ Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
 - ❑ Under section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XIIA for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.

Other Provisions

- ❑ Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection



is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

- ❑ Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. For Investment made on or after the 1st Day of April 2007, the exemption would be restricted to the amount, which does not exceed Rupees Fifty Lacs during the financial year.
- ❑ Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- ❑ In terms of section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as Capital Gains, such amount paid on account of securities transaction tax.
- ❑ Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% (plus applicable surcharge, education cess and secondary & higher education cess) .
- ❑ Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge & education cess and secondary & higher education cess) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge & education cess and secondary & higher education cess on income tax) (without indexation), at the option of assessee.

Foreign Institutional Investors (FIIs)

By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.

- o In terms of section 10(38) of the Act, any Long Term Capital Gains arising to an investor from transfer of long-term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - a) The transaction of sale of such equity shares is entered into on or after 1st October 2004.
 - b) The transaction is chargeable to such securities transaction tax.However, with effect from 1st April 2007 i.e. for the Assessment Year 2007-2008 onwards such Long Term Capital Gain shall be taken into account in computing the book profit and income tax payable u/s 115 JB.
- o The income realized by FIIs on sale of shares in the company by way of short-term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge, educational cess & secondary & higher education cess on income-tax) as per section 115AD of the Act.
- o The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.



- ❑ Short term capital gains – 30% (plus applicable surcharge, education cess & secondary & higher education cess on income-tax)
- ❑ Long term capital gains – 10% (without cost indexation plus applicable surcharge, education cess and secondary & higher education cess on income-tax)

(Shares held in a company would be considered as a long-term capital asset provided they are held for a period exceeding 12 months).

- o Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –

- a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition. For Investment made on or after the 1st Day of April 2007, the exemption would be restricted to the amount, which does not exceed Rupees Fifty Lacs during the financial year.

- o In terms of section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as Capital Gains, such amount paid on account of securities transaction tax.

Venture Capital Companies / Funds

- o In terms of section 10(23FB) of the Act, income of
- o Venture Capital company which has been granted a certificate of registration under the Securities and Exchange Board of India Act , 1992 and notified as such in official Gazette; and
- o Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act , 1992 and fulfilling such conditions as may be notified in the official Gazette, set up for raising funds for investment in a Venture Capital Undertaking, is exempt from income tax ,

Under the Wealth-tax Act, 1957

- o 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, hence Wealth-tax Act will not be applicable.

Under the Gift-tax Act, 1958

- o Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- ❑ All the above benefits are as per the current tax laws as amended by the Finance Act, 2007.
- ❑ We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the offer document which the Company intends to submit to the Securities and Exchange Board of India, Mumbai.
- ❑ In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements (DTAA), if any, between India and the country in which the non-resident has fiscal domicile.
- ❑ *Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.*



In view of the individual nature of tax consequence, each investor is advised to consult his / her own tax adviser with respect to specific tax consequences of his / her participation in this issue and we are absolved of any liability to the shareholder for placing reliance upon the contents of this material.

The Tax benefits listed above are not exhaustive and 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. All reasonable care has been taken in the preparation of this opinion.



SECTION IV: ABOUT DAGGER FORST TOOLS LIMITED

INDUSTRY OVERVIEW

BROACHES & GEAR CUTTING TOOL INDUSTRY IN INDIA:

This industry largely caters to the demand of Engineering and Automobile industry. Players in the engineering and automobile industry are the major users of Broaches and Gear cutting Tools. Demand for these tools moves in line with the world industrial production in the engineering and automobile industry. Due to upgradation of manufacturing facilities in most auto/ auto component industries, users focus on local suppliers with better product and quick technical services. A handful of organized players service 80 to 85 % market and balance need is met by small-unorganized sector & imports. Due to growth in Auto sector and major growth in Export of Auto Components, demand for these tools is expected to grow at 10 % p.a. for next 5 years. **(Source: www.scopemarketing.com)**

These products are used primarily for manufacture of:

- (i) Auto components **used in cars, trucks, motorcycles, tractors** (Automobile Industry).
- (ii) **Other industries where these tools are used include -**
 - (a) Aerospace (manufacture of turbines & other components).
 - (b) Power generation (manufacture of turbines).
 - (c) Defense (manufacture of various components for their vehicles and other defense equipment).
 - (d) Industrial products, such as gearboxes, pumps & other industrial products.

These auto components, which are manufactured, are used by the automobile industry in making the following tools:

- (a) All Transmission Gears used in gear boxes.
- (b) Propeller Shafts
- (c) Clutches
- (d) Drive Shafts
- (e) Synchro Sleeves / Synchro Cones
- (f) Steering Columns
- (g) Brake Shoes
- (h) Connecting Rods
- (i) Yokes for various applications, etc.
- (j) All splined components
- (k) Sprockets
- (l) Timing Gears, Starter Gears
- (m) Ring Gears

Broaches & Gear Cutting Tools Market in India

(Rs in Lacs)

| Year Product | 2003- 04 (Actual) | 2004-05 (Actual) | 2005-06 (Actual) | 2006-07 (Estimated) | 2007-08 (Projection) |
|-----------------|----------------------|---------------------|---------------------|------------------------|-------------------------|
| Broaches | 1700.00 | 2000.00 | 2300.00 | 2500.00 | 2900.00 |
| Hobs | 2100.00 | 2100.00 | 2500.00 | 2800.00 | 3200.00 |
| Shaper Cutters | 500.00 | 600.00 | 700.00 | 700.00 | 800.00 |
| Shaving Cutters | 600.00 | 700.00 | 800.00 | 900.00 | 1100.00 |
| Total | 4900.00 | 5400.00 | 6300.00 | 6900.00 | 8000.00 |



(Source: Compiled by the Company through various available market resources like agencies, dealers and distributors in the industry. Society of Indian Automobile Manufacturers (SIAM) has published the summary report for the month of February 2007 in which the industrial growth rate of automobile industry ranges from 12% to 16%. As the auto component industry is dependent on the automobile industry growth, the Company has estimated the same growth for auto component in general and tool industry in particular.)

Industry Trend in Automobile Industry

Automobile industry has shown a positive trend in the recent past, particularly in the two wheelers, commercial vehicles and car sectors. India has the second largest small car production base (**Source: Businessworld dated 19/01/04**). With rising disposable incomes, improved standards of living and easy vehicle financing schemes, the trend of positive growth is likely to continue in the automobile industry in the near future.

The roaring success of some of the two-wheelers, such as Victor (TVS-Suzuki), Caliber (Bajaj Auto) and Splendour (Hero Honda), has substantially increased the market growth for motorbikes, resulting in substantial tooling orders for the broach and gear cutting tool industry. The 2-wheeler segment is anticipated to grow to over 13 million units a year with the turnover likely to increase four times to Rs 340 billion by 2010, implying a CAGR of 12%. (www.siamindia.com)

The Golden Quadrangle project started by the ex-PM is resulting in significant improvement in the infrastructure throughout the country and the general business up trend. The commercial vehicle sector has gained substantially in 2003-04. TATA Motors has increased their production by almost 35-40% and there are similar increases for Ashok Leyland and Eicher Motors. These increases have resulted in their increased broach and gear cutting tool requirements. Society of Indian Automobile Manufacturers (SIAM) anticipates a CAGR of 7% to 600,000 from the current levels of about 156,000 in commercial vehicles, including light, medium and heavy ones whereas the Indian passenger car industry, is expected to grow to 2.4 million by the year 2010, against 416,000 in 1997-98, which indicates a CAGR of 16%

Further, the entry of foreign players like Hyundai, Ford, Mitsubishi, etc. has increased the demand potential for quality tools and components,. More international players, such as Toyota, Honda Motors, etc. are also investing heavily in India, boosting the tooling requirement.

In addition, the auto component export is also growing substantially as many plants are shifting from US/UK to India for manufacture of components. Examples are DANA Spicer, Fairfield etc. These have considerably boosted broach and gear cutting tool requirement. The Auto Component export in 2004-05 is expected to be \$ 1 billion and increase to \$ 5 billion by the year 2015.

Automobile Production in India (Nos)

| Type of Vehicle | April – March (2003-2004) | April – March (2004-2005) | Growth Rate % |
|---------------------|------------------------------|------------------------------|------------------|
| Passenger Cars | 7,82,562 | 9,60,487 | 22.73 |
| Utility | 2,06,998 | 2,49,389 | 20.48 |
| Commercial Vehicles | 2,75,040 | 3,53,703 | 28.60 |
| Two Wheelers | 56,22,741 | 65,29,829 | 16.13 |
| Three Wheelers | 3,56,223 | 3,74,445 | 5.12 |

| Type of Vehicle | April – March (2003-2004) | April – March (2004-2005) | Growth Rate % |
|---------------------|------------------------------|------------------------------|------------------|
| Passenger Cars | 9,60,487 | 10,45,881 | 8.90 |
| Utility | 2,49,389 | 2,63,032 | 5.47 |
| Commercial Vehicles | 3,53,703 | 3,91,078 | 10.57 |
| Two Wheelers | 65,29,829 | 76,00,801 | 16.40 |
| Three Wheelers | 3,74,445 | 4,34,424 | 16.02 |

(Source: www.siamindia.com/main.aspx)

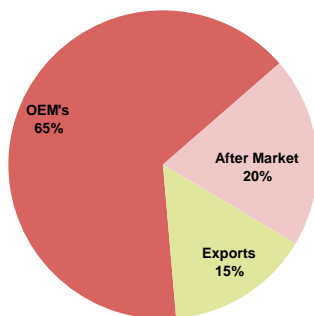


Future Trends in the Automobile Industry:

Growth in the automobile industry is expected to continue due to increase in capacities by automobile manufacturers in India. Maruti Suzuki has planned to set up manufacturing facilities, which would result in Initial Investment of Rs.2500 Crores. This could result in an investment of up to Rs 7,500 Crores (Rs 75 billion) by the components industry. Hyundai has already initiated its plans to invest Rs.850 Cr in its Indian operations. Ford is also planning to double capacity in its plant near Chennai. Tata Motors, too has plans to expand its car production capacity by almost 50%. **(Source: Economic Times dated 24/9/04, www.rediff.com)**. All this expansion needs to be backed by a downstream investment in auto components thus increasing the market for broach and gear cutting tools.

Expected Growth in Domestic Auto Components Industry:

Auto Component Sales Break Up



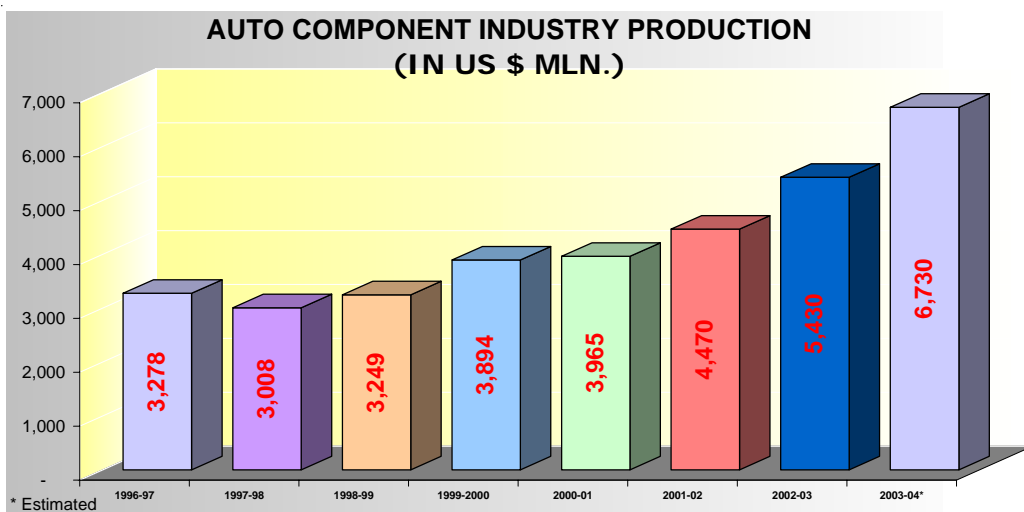
Exports are expected to increase to 25% of total revenue in the next 2-3 years

Since Domestic demand for Automobiles is expected to increase, this will translate into a direct increase in sales of the Auto Component Industry

OEM's account for majority of sales for the Auto Component Industry - almost 65%. Most Indian OEM's now-a-days source 70-80% of their requirements from vendors, compared with 50-60% in mid-nineties, This has also led to an increase in demand. An export of Auto Component Industry is also expected to increase due to cost competitiveness.

(Source: Auto Component Industry Report – HDFC Securities)

Auto Component Industry Production



(Source:www.acmainfo.com)

Foundry Industry in India: Overview

The Indian foundry witnessed a robust growth in the last decade ranking sixth in the production of casting. In 2005-06, India produced 4.03 million tones of grey iron, ductile iron, steel and non ferrous Casting. Grey iron casting production increased from 2.1 million tones in 1998-99 to 2.84 million tones in 2005-06(+35%). During the same period ductile iron casting increased from 225,000 tones to 363,400 tones (+61.5%). Production of non ferrous casting rose from 210,000 tones to 340,400 tones (+62.05). In 2003-04 total turnover of foundries amounted to Rs 16.000Cr and value of exports was Rs 2000Cr. Cumulative growth comes to 25% p.a.



Indian Foundry Industry: Current and Future Projection (Prospect and Trend)

| Production | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Tonnage (Million Tones) | 4.038 | 4.624 | 5.92 | 7.4 | 9.25 | 10.63 | 12.22 | 14.05 |
| Exports (Rs Cr) | 2000 | 2500 | 3000 | 3750 | 4700 | 5875 | 7343 | 9180 |

(Source:Indian Foundry Journal – March 2006)

Production growth approx 15% & Export growth 25%

GROWTH OF INDUSTRIES

(Production of casting in India -Million Tones) Expected Growth 25% in 2006-07 and onwards

Production

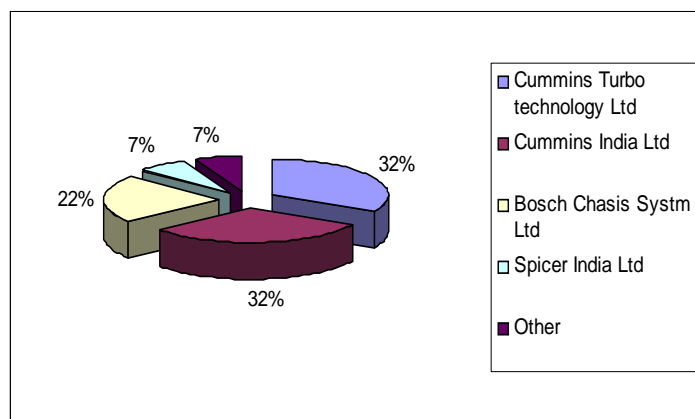
| Type | 1999-2000 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 |
|----------------|--------------|-------------|--------------|--------------|--------------|--------------|-------------|
| Grey Iron | 2.4 | 2.3 | 2.3 | 2.47 | 2.84 | 3.26 | 3.97 |
| S.G Iron | 0.235 | 0.25 | 0.295 | 0.316 | 0.363 | 0.413 | 0.57 |
| Malleable iron | 0.05 | 0.04 | 0.03 | 0.039 | 0.039 | 0.041 | 0.05 |
| Steel | 0.31 | 0.32 | 0.31 | 0.388 | 0.465 | 0.55 | 0.755 |
| Non Ferrous | 0.22 | 0.21 | 0.23 | 0.296 | 0.331 | 0.36 | 0.475 |
| Total | 3.215 | 3.12 | 3.155 | 3.509 | 4.038 | 4.624 | 5.82 |

(Source:Indian Foundry Journal March 2006)

Per Capita Consumption of Casting

| | |
|------------------|---------|
| Developed Nation | 15.00Kg |
| China | 12.50Kg |
| India | 05.70Kg |

Customer Share in 2005-2006 (Sales)



Market Characteristics Overview for Automobile Sector – Main Consumer of the Foundries

1. Indian Automobile Industry:

Young with high growth rate.15% CAGR (last 3 years)

2. Europe / USA Automobile Industry:

Matured growth rate. Nil to 1%.



3. Indian Auto Component Industry:

Vibrant with High growth 22% CAGR.

4. Auto Component Exports from India:

CAGR 22%. About US \$ 1.8 Billion in 2005-06.

5. Major International Sourcing Bigwigs: Setting up and expanding production base in India.

GM, Ford, Delphi, Cummins, Visetion, Carraro, etc.

Toyota, Suzuki, Spicer, Fairfield, Gertrag

(Source: www.acmainfo.com)

Current and Future Prospects (Growth Rate)

1. Automobile Industry – Quite positive indications due to:

- (a) Good overall economy.
- (b) Thrust on infrastructure by Government.
- (c) Rationalization of VAT throughout India.

2. Auto Component Industry:

Existing CAGR expected to continue as:

- (a) Present base still relatively small compared to global requirements. Volume in China about 3 to 4 times bigger.
- (b) Most European/US component manufacturers want to shift base to reduce cost.
 - (i) Should be Shell Molding Casting size range for Automobile
 - Size range: 350 x 250 x 100
 - Weight : 0.2 ~ 8 Kg
 - (ii) Focus on high precision products with DF inputs for higher value.
 - (iii) To cover more products with Broaching/Gear Cutting which give higher value addition.

(Source: www.acmainfo.com)

The Indian automobile components industry is an example of a successfully nurtured infant industry, says the 2005 UNDP Human Development Report. Slowly, but surely, the sector is emerging as the next big business opportunity for Indian companies as global original equipment manufacturers (OEMs) hike procurement plans and domestic companies expand. The size of the Indian Auto-Components Industry is estimated at US \$8.7 billion. Production in value terms increased at a CAGR of 21.7% during FY 2001-05. Based largely on the identity of the buyers, the market can be segmented into 3 categories: Original equipment manufacture (the vehicle manufacturers); replacement (vehicle owners who buy parts for maintenance & repair) and exports. Proportionately Original equipment manufacture account for around 55% of the demand, followed by the replacement market (around 40%) and exports over 15%.

Auto-components exports from India increased at a CAGR of 22.3% during the FY 2001-05. Yet, the share of exports in the global market is less than marginal, estimated at just US\$ 1.4 billion in FY 2005 of the US\$1,200 billion market. Indian manufacturers enjoy competitive advantages, primarily on the strength of their low labor costs, designing, process improvements and engineering, among the lowest economies of scale, relatively less stringent environmental regulations, and quality of the product. During April-Dec' 2005, the ICRA sample of auto-components firms reported a growth of 18.8% in net sales and a growth of 21.4% in PBIDT. Moreover, the PAT also increases by 25% in the same period.

| | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|---------------------------|---------|---------|---------|---------|---------|
| Production (US\$ Million) | 3965 | 4470 | 5430 | 6730 | 8700 |
| Exports (Rs. Cores) | 625 | 578 | 760 | 1020 | 1400 |

The Indian industry is expected to witness healthy growth in sales, on the strength of rapidly escalating exports, even as domestic demand may be impacted in the short-to-medium term. Given that the export potential remains significant, the ability of the players to capitalize on their strengths and overcome challenges assumes importance.



The growth of auto-component sales in the domestic market is linked to demand for automobiles, the segment-specific demand is dependent also on the OEM (Original Equipment Manufacturer) demand. Moreover, the domestic sales growth is likely to be led by volumes and realizations may increase only modestly. In terms of segment specific expectations, while the two-wheelers are expected to witness healthy demand growth in the short-term, the demand in passenger and commercial vehicles is expected to be lower.

The global vehicle manufacturers are facing pressure from the imperative to launch new models, more so as product lifecycles have been shortening in recent years, adding new features while maintaining the sales prices. Thus, the OEMs have identified the potential of cost savings by outsourcing to countries such as China, India and South Asian countries, amongst others. Some global OEMs have permanent purchasing teams located in these countries – in India for example, such teams have been operational since 2-3 years sourcing components and exporting them to plants located worldwide. Additionally some players have announced plans to increase the sourcing of components from India and China.

Increased outsourcing by global OEMs offers an opportunity for Indian players, not only in increasing traditional sales but also in diversifying revenue streams and reducing their dependence on the domestic market. Some Indian companies have already initiated steps to cater to the global OEMs as well as Tier-I suppliers. While a host of companies started with supplying labor-intensive components, a few have graduated to manufacturing technology – intensive equipments. Some firms have emerged as partners and a few have even obtained 'full service supplier' status for select components (that includes presence across the entire gamut of operations, including design, development, tooling, casting, machining, and assembly and programmed management).

India has emerged as a significant exporter of auto parts. From US\$ 578 million in 2001-02, overseas sales of Indian companies have jumped to US\$ 1.4 billion in 2004-05. Exports of auto components from India have grown at a compounded growth rate of 19 per cent over the past six years. During the fiscal year 2004, the industry achieved a milestone of US\$ 1 billion worth of exports. According to an ACMA – McKinney study, given its strengths in manufacturing labor-intensive and skilled-intensive parts, India can grab around 3-4% share of the outsourcing market (estimated at US\$ 700 billion) by the year 2015.

(Source: www.acmainfo.com)



BUSINESS OVERVIEW

Dagger Forst Tools Limited (DFTL), a part of Yashovardhan Birla Group, is engaged in the manufacture of high precision Cutting Tools viz. Broaches, Hobs, Shaper Cutters & Shaving Cutters (Gear Cutting Tools).

Broaching is one of the most economical methods of machining, an integral process in the Engineering and Automobile Industry. It is, in most cases, the only process by which complex internal and external shapes can be achieved with high accuracy and surface finish.

The first Broach manufacturing plant was set up by the Company in 1965 at Thane in Maharashtra in collaboration with Oswald Forst GmbH of Germany and a decade later i.e. in 1975, another plant was setup at Aurangabad, Maharashtra, to cater to the increased market demand for broaches.

As part of its diversification plans, DFTL put up another manufacturing plant in Aurangabad in 1977. This manufacturing unit, in collaboration with W. Forst, England, was set up to manufacture gauges within the same industrial area. In 1984, the Company purchased a plant at Aurangabad where gear cutting tools and built up Hobs which were manufactured in technical collaboration with Klingelberg Sohne of Germany.

The company also began manufacturing slitting saws since 1977. Aurangabad was also the venue for the gear cutting tools and built-up hobs manufacturing units in collaboration with Klingelberg Sohne of Germany and the expertise for the manufacture of Shaving Cutters came from Mis. Samputensili SpA of Italy in 1999.

All the collaborations mentioned above i.e. with Oswald Forst GmbH, W. Forst, Klingelberg Sohne and Mis. Samputensili SpA has been expired. For brief details of collaborations, please refer the heading "Collaborations" on page 48 of this Offer Document.

The Company has total six manufacturing units. The Unit I is located at Thane, Unit II, Unit III, Unit IV and Unit V are located at Aurangabad and Unit VI is located at Gandhidham. All these manufacturing units have obtained ISO certification and satisfy all the norms related to environmental clearances.

Location of the Project

Aurangabad Project

Plot No. A-3, MIDC, Industrial Area, Chikalthana Phase 1, Aurangabad.

Plant & Machinery, Technology, Process etc.

Plant and Machinery

For details of plant & machinery of Aurangabad project please refer page no. 25 of this Offer Document under the heading "Objects of the Offering".

Technology

Existing

The Company has adopted the technology provided by Forst GmbH, Germany for manufacturing broaches. Although, the agreement of technical collaboration has expired the technology is still being used by Dagger Forst Tools Limited under mutual consent.

Process

Existing

The manufacturing process involves various stages like drawing, sizing, soft machining, heat treatment, grinding & sharpening, testing and dispatch. The process is well established and the technology is being continuously upgraded and absorbed.

- **Drawing:** Drawing of a broach is done by the drawing department as per the specifications provided by the customers.
- **Sizing:** The high speed steel bars are cut to the required size.
- **Soft Machining:** Depending on the design, machining is done on various types of milling machines.
- **Heat Treatment:** To relieve the stresses developed in the machining operation, heat treatment is done. The process involves pre-heating, quenching, tempering, straightening etc.
- **Grinding & Sharpening:** After heat treatment, grinding and sharpening is done to provide the perfect drawing specifications.



After the above stages, the broaches are tested and then packed for dispatch. The manufacturing process does not generate any major or harmful effluents. DFTL has an effluent treatment and disposal system and satisfies all the norms related to environmental clearances.

Machining facility for Aurangabad Project

The machining facility is based on the basics of metal cutting theory. The machines involved and the usage of each machine is explained below:

1. CNC Turning

The machine is CNC controlled to machine the round parts with high dimensional accuracies.

2. Vertical / Horizontal Machining Centers

The machine is CNC controlled to machine the prismatic parts with high dimensional accuracies. The multi axis machines are used to machine intricate profiles and parts. These machines are suitable for the mass production.

3. Honing / Super finishing Machines

The machine is CNC controlled to super finish the bores required with very high surface finish values and very close dimensional as well as the geometric tolerances.

4. Vibro Deburring Machine

The machine is used to remove the small burrs from the components and improve the surface finishes by removing surface scales.

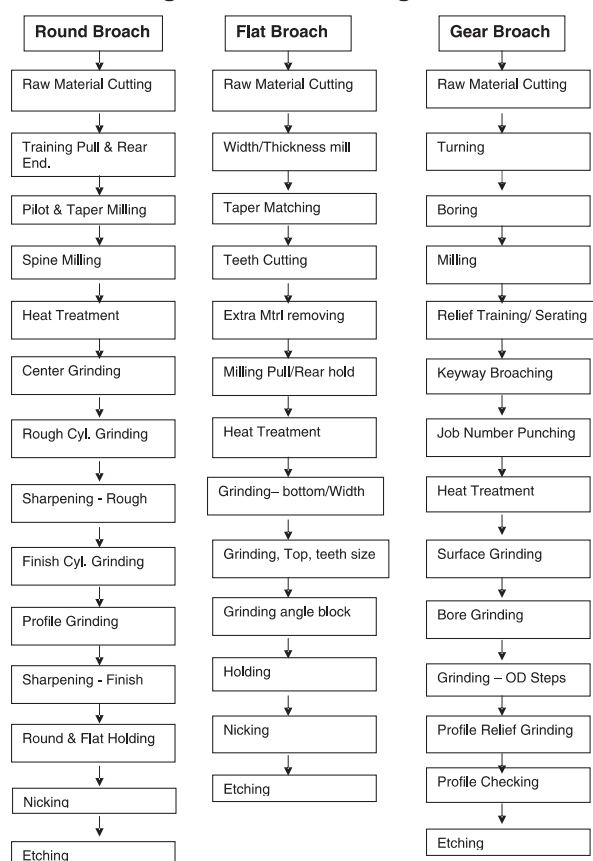
5. Cleaning and Drying Machine

The machine is used to remove the dust, left out Coolant, small burrs from the components with high pressure water jets and then the components are dried with heaters.

6. Leak Testing Machine

The machine is used to check the leak proofness of the components as it is required for some of the auto components.

Manufacturing Process of Existing Products





Collaborations

1. Technical Collaboration with Oswald Forst GmbH, Germany

Dagger Forst Tools Limited had entered into an agreement with Oswald Forst GmbH, Germany on 8th November, 1965 to provide the technical data in the form of technical information, know how, manufacturing data & procedures and full information regarding machinery, plant & equipment, designs etc. for manufacturing the broaches.

The collaboration expired on 8th January, 1993.

2. Technical Collaboration with W. Forst Engineers, U.K.

Dagger Forst Tools Limited had entered into an agreement dated 19th April 1976 with M/s W. Forst Engineers, U.K. to provide technical data to manufacture the spline gauges. As per the terms of the agreement, the technical collaboration would expire after 5 years from the date of commencement of production. Since the production was commenced in the financial year 1977-78, the agreement expired in financial year 1982-83.

3. Technical collaboration with Klingelberg Sohne, Germany

Klingelberg Sohne had entered into an agreement with Indian Tools Manufacturers (ITM), a division of Zenith Steel Pipes & Industries Ltd. on 18th April, 1984 to supply technical data for the manufacture of built up hobs for its plant at Aurangabad. The said plant was transferred to Dagger Forst Tools Limited as per the agreement dated 2nd July, 1984 alongwith the benefits of the agreement with Klingelberg. Further as per the agreement between dated 7th October, 1985 Zenith Steel Pipes and Industries Ltd., Klingelberg Sohne and Dagger Forst Tools Ltd. all the terms and conditions of the technical collaboration with Klingelberg were transferred to Dagger Forst Tools Limited. The technical collaboration has since expired.

4. Technical and Commercial Collaboration with Samputensili S.p.a

Dagger Forst Tools Limited had entered into an agreement with Samputensili S.p.a, on 9th September, 1996 for the period of 10 years to supply the spares and parts required for the shaving cutter grinding m/c, automatic serrating m/c, load checker, technical know-how of the process and products. The technical and commercial collaboration expired on 8th September 2006.

Infrastructure Facilities

Raw Material

The main raw material requirements are high speed steel rods & bars of various grades like M2, M32, M35, ASP30, ASP60 etc. Most of the requirement is imported since local supplies are not available. Import is mainly from well-known suppliers from Germany & Europe like Bohler, Thyssan France, Edelstahl & Erasteel etc. Since last two years, Powex Steel Ltd. is manufacturing same quality of HSS in India in collaboration with Bohler of Germany.

There are no long term contracts with the suppliers.

Utilities

The main utilities required are as follows:

| Existing | Power per month in KW | Water per month in cubic liters | Light Diesel Oil per month in liters | Back-up DG Sets. |
|---------------------------------|-----------------------|---------------------------------|--------------------------------------|-----------------------------|
| Thane Unit | 400 | 900 | 800 | 3 Nos – 215 KW |
| F2 MIDC Chikalthana, Aurangabad | 1,300 | 600 | 1,700 | 3 Nos – 375 KW |
| A3 MIDC Chikalthana, Aurangabad | 850 | 600 | 400 | 1 No – 125 KW |
| Ghandhidham | 85380 | 5200 | 200 | 1No- 250 KW1 No – 63 KVA |
| Aurangabad (Proposed) | 450 | - | - | - |



Man Power

Existing

The present strength of the Company is 660 employees as on 31st May, 2007.

Summary of Administrative, Skilled & Unskilled Personnel

| Nature of Work | Nos. |
|-----------------------------------|------------|
| Thane | |
| Administrative Staff | 51 |
| Skilled Personnel | 75 |
| Unskilled Labour | 37 |
| Total | 163 |
| Aurangabad, Unit II-III-IV | |
| Administrative Staff | 21 |
| Skilled Personnel | 119 |
| Unskilled Labour | 34 |
| Total | 174 |
| Aurangabad, Unit V | |
| Administrative Staff | 30 |
| Skilled Personnel | 68 |
| Unskilled Labour | 72 |
| Total | 170 |
| Gandhidham Unit VI | |
| Administrative Staff | 11 |
| Skilled Personnel | 108 |
| Unskilled Labour | 34 |
| Total | 153 |
| Total | |
| Administrative Staff | 113 |
| Skilled Personnel | 370 |
| Unskilled Labour | 177 |
| Total | 660 |

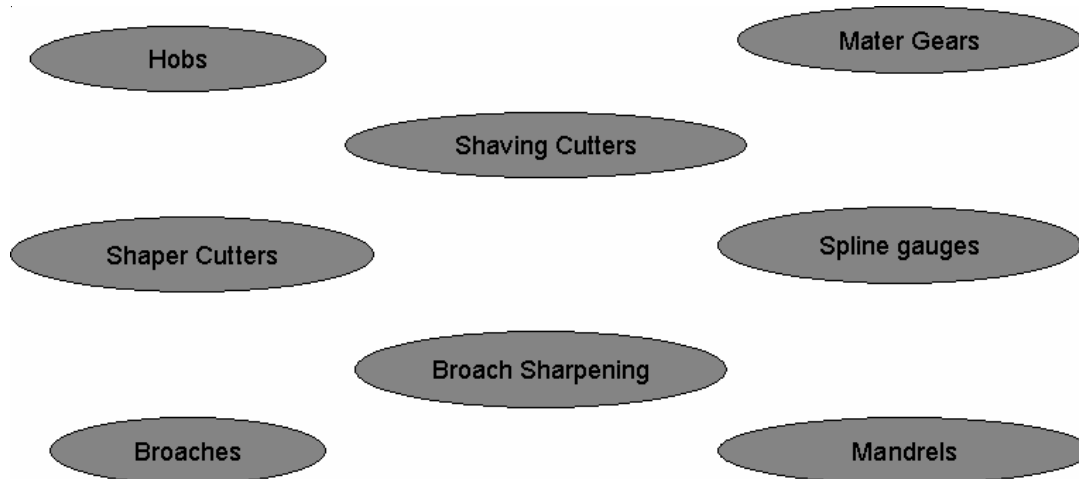
Proposed:

Aurangabad Project:

| Manpower Requirement | Total Requirement |
|----------------------|-------------------|
| Administrative Staff | 2 |
| Skilled Personal | 47 |
| Total | 49 |



Products / Services of the Company



Existing Products:

Broaches



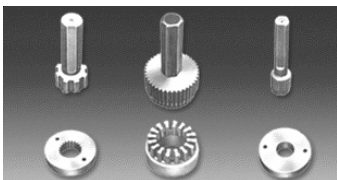
Broaching is the most economical method of machining, an integral process in the engineering and automobile industry. This is, in most cases, the only process by which complex internal and external shapes can be achieved with greater accuracy and superb surface finish. Dagger Forst broaches makes it possible to achieve high rates of productivity with almost nil rejections.

Gear Shaving Cutters



Gear Shaving Cutters are high precision tools, primarily used in automobile and auto ancillary industries. It is absolutely essential for manufacture of highly accurate gears.

Spline Gauges



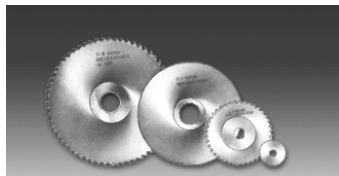
Spline Gauges, an import substitute manufactured by DFTL, are the inspection tools to check external and internal splines. They are a necessity for any engineering or auto industry to achieve ISO 9000 standards. Dagger Forst is an established manufacturer of spline gauges with the requisite close accuracy.

Hobs & Shaper Cutters



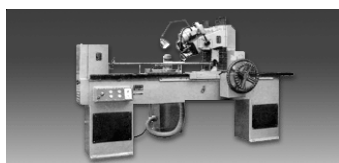
Hobs and Shaper Cutters are required for various Gears/Profiles for Automobile Industry. Dagger-Forst introduced 'Built-Up Hobs' first time in India.

Slitting Saws



Slitting Saws are made of finest imported High Speed Steel and used for cutting metals. They have high degree of hardness, wear resistance and concentricity, apart from dished side relief resulting in prevention of abrasion and burn marks.

Broach Sharpening Machine



The machine is used for sharpening & resharpening broaches, as well as nicking operations of circular and flat broaches. Its rigid bed, well-balanced and vibration-free grinding spindle enable the machine to perform with high precision.

Machining Facility at Aurangabad:

The machines planned are mainly different types of metal cutting machines, such as CNC turning centers, vertical/horizontal machining centers, honing machines etc.

Consumers Profile

The hobs & broaches produced are generally used for engineering purpose hence customers are predominantly industrial units. Some prominent customers of DFTL, in various sectors, include:

| Sector | Domestic Customers |
|---------------------------------|--|
| Automobile Industry | Maruti Udyog, Mahindra & Mahindra, Tata Motors, Hyundai Motors, Toyota, Honda, Bajaj Auto, Hero Honda, L&T John Deere, Etc. |
| Defence/Government Undertakings | Vehicle Factory, Jabalpur; MTPF, Ambernath; Nuclear Power Corpn; Heavy Vehicle Factory, Avadi; Ordinance Factory, BHEL, etc. |
| Railways | DCW, DLW |
| | Export Customers |
| Countries | Germany, U.K., Italy, South Korea, Taiwan, Australia, etc. |
| Major Customers | General Electric, Graziono, Forst Tech, Forst Cardinal, Hyundai, TRW. |

Competition, Key Players and Market Share

The major competitor is Mitsubishi (formerly known as SRP Tools), which makes same range of products (excluding Spline Gauges).

As per the table given below, Dagger Forst Tools Limited has the share of about 40% among the key players in its product range in the domestic market.

Products manufactured by the company are predominantly used in automobile & auto components, engineering and defense industries.



| Sr No. | PRODUCT | BROACH | | | HOB | | | SHP & SHAVING CUTTER | | | TOTAL | | |
|--------|--------------|---------|---------|---------|---------|---------|---------|----------------------|---------|---------|---------|---------|---------|
| | YEAR | 2003-04 | 2004-05 | 2005-06 | 2003-04 | 2004-05 | 2005-06 | 2003-04 | 2004-05 | 2005-06 | 2003-04 | 2004-05 | 2005-06 |
| 1 | Dagger Forst | 975 | 1186 | 1385 | 465 | 552 | 572 | 450 | 519 | 618 | 1890 | 2257 | 2575 |
| | % MKT. SHARE | 61 | 60 | 60 | 27 | 27 | 24 | 39 | 40 | 40 | 43 | 42 | 41 |
| 2 | Mitsubishi | 510 | 654 | 770 | 610 | 651 | 800 | 700 | 780 | 930 | 1820 | 2085 | 2500 |
| | % MKT. SHARE | 31 | 33 | 33 | 38 | 31 | 33 | 61 | 60 | 60 | 41 | 39 | 40 |
| 3 | ADDISON | 110 | 150 | 155 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 110 | 150 | 155 |
| | % MKT. SHARE | 8 | 7 | 7 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 3 | 3 | 2 |
| 4 | CMH | N.A. | N.A. | N.A. | 450 | 617 | 730 | N.A. | N.A. | N.A. | 450 | 617 | 730 |
| | % MKT. SHARE | N.A. | N.A. | 0 | 26 | 30 | 30 | N.A. | N.A. | N.A. | 10 | 12 | 12 |
| 5 | AAMCOL | N.A. | N.A. | N.A. | 150 | 240 | 330 | N.A. | N.A. | N.A. | 150 | 240 | 330 |
| | % MKT. SHARE | N.A. | N.A. | 0 | 9 | 12 | 14 | N.A. | N.A. | N.A. | 3 | 4 | 5 |
| | TOTAL | 1595 | 1990 | 2310 | 1675 | 2060 | 2432 | 1150 | 1299 | 1548 | 4420 | 5349 | 6290 |

(Source: Annual Reports of the respective Companies)

Competition and Key Players in Machining Facility, Aurangabad

Since the Company is planning to supply the machined castings to various customers, the main competitors are the ferrous casting manufacturers who supplies fully machined castings to the customers. Considering the fact the main competitors are Autolec, DGP Hinoday, Indoshell, Pefco Foundries, Rico Industries, Sanjay Foundries etc.

Approach to marketing & proposed Marketing Set – Up

Existing

The Company has an extensive marketing network in terms of its own representatives in major cities like Mumbai, Kolkata, Delhi, Chennai, Bangalore, Pune, etc., who are further backed up by marketing personnel based at all the Units.

Exports:

Cutting tools manufacturing in general and broach manufacturing in particular is highly labour intensive industry, as raw material costs are only 15% to 18% of the total cost. Further, this industry has high precision requirements, and so international users have restricted their sourcing primarily from developed countries in Europe, US and Japan. However, in view of the rising prices in these countries, the users have started looking for alternate sources of high quality precision tools from developed countries.

The Company has on-going understanding and a distribution agreement with Forst Technologies of Germany to exclusively distribute its products in Europe, North – Middle & South America and Republic of South Africa. The contract is for an indefinite period.

The Company has recently developed the business in Korea and Iran. The Company has been able to obtain orders from on the world's largest vehicle manufacturer viz. Hyundai Korea and its ancillaries.

With such a large potential in the export business, the Company has targeted exports as the thrust area for future and will concentrate on achieving high growth rates, as the recent performance indicates, which is restricted by current capacity constraint.

The products are highly technical in nature and have to meet the high precision parameters. The need for technical service is of utmost importance. Company's area representatives are trained engineers, who can take care of technical needs of its customers. They are further backed up by specialist application engineers, based in manufacturing units, who also visit the customers very frequently not only to provide technical service for the products supplied by the Company but also to help them in making further improvements in the usage of the products.

In the export market, the Company is planning to promote brand through industrial product magazines, which are used by the local users.



The Company has circulated its brochures & product literature in Korea & China. These are also translated in local languages so as to be of easy use by the local users. Similar approach is being taken in Iran.

Dagger Forst has broad based its customer base by also targeting defense and power sectors in domestic market, as well as, developing larger export markets apart from the domestic automobile sector.

Export Possibilities and Export Obligations

At present the Company has an Export obligation under EPCG scheme for Gandhidham Unit.

The Company has obtained license for import of Plant & Machinery under 'Export Promotion Capital Goods Scheme' (EPCG Scheme) under Chapter 5 of Foreign Trade policy 2004-2009, wherein the Company has to pay the Customs Duty at concession rate.

The details of major machines being imported under this scheme are as under:

| S. No | Particulars of Machine | Quantum of Custom duty Concession | Export Obligation Amount | Obligation fulfilled in US \$ | Export Obligation period | License No. & Date. |
|-------|---|-----------------------------------|--|-------------------------------|--------------------------|--|
| 1 | Serrating Machine | Rs 2.64 lacs | 8 times the duty. saved US \$ 4.42 million | 0.53 million | 8 Years | 033000 8604 dated 11 th May, 2005 |
| 2 | Resharpening machine | | | | | |
| 3 | Grinding machine | | | | | |
| 4 | Resharpening Machine for serrating tool | | | | | |
| 5 | Spline shaft grinding machine | | | | | |
| 6 | Solid Hob grinding machine | | | | | |
| 7 | Shaving Cutter Grinding machine | | | | | |
| 8 | Spline Grinding machine | | | | | |
| 9 | CNC Gear Measuring Centre | | | | | |

| S. No | Particulars of Machine | Quantum of Custom duty Concession | Export Obligation Amount | Export Obligation period | License No. & Date. |
|-------|---|-----------------------------------|--|--------------------------|---|
| 8 | Spline Grinding machine | Rs154.75 lacs | 8 times the duty saved. US \$ 2.59 million | 8 Y ears | 0330009844 dated 26 th September, 2005 |
| 1 | CNC Profile Grinder | | | | |
| 2 | Surface Profile Grinding Machine, | | | | |
| 3 | Used Broach Grinder for Flat and Round Broaches | | | | |
| 4 | Used Rack Milling Machine | | | | |
| 5 | Used Cylindrical Grinding Machine | | | | |
| 6 | Used Broach Cutter Sharpening Machine | | | | |



| S. No | Particulars of Machine | Quantum of Custom duty Concession | Export Obligation Amount | Export Obligation period | License No. & Date. |
|-------|--|-----------------------------------|---|--------------------------|--|
| 1 | Trinocular Inverted Microscope (2 Nos.) | Rs10.11 lacs | 8 times the duty saved. US \$0.17 million | 8 Years | 0330010422 dated 06 th December, 2005 |
| 2 | Used Cylindrical Grinding Machine complete with Standard Accessories | | | | |
| 3 | Used Churchil Spline Grinder with Standard Accessories | | | | |

| S. No | Particulars of Machine | Quantum of Custom duty Concession | Export Obligation Amount | Export Obligation period | License No. & Date. |
|-------|--|-----------------------------------|--|--------------------------|--|
| 2 | Surface Profile Grinding Machine, | Rs 77.95 lacs | 8 times the duty saved. US \$ 1.40 million | 8 Y ears | 0330015060 dated 12 th February, 2007 |
| 1 | Used Reliving Lathe | | | | |
| 2 | Used Cylindrical Grinder | | | | |
| 3 | Cylindrical Grinder Machine | | | | |
| 4 | Used Forst (Germany) Automatic Universal Broaching Tools Sharpening Machine | | | | |
| 5 | Used Broach Cutter Sharpening Machine | | | | |
| 6 | Used KAPP RS 2003 Spline Grinding Machine with CNC Dresser with standard Accessories | | | | |

The Company is under an obligation to export item – broaches, hobs, shaving shaper cutters, gauges, broach sharpening machine (Cutting Tools) of total US\$ 8.57 million i.e. 8 times the duty saved of Capital Goods on FOB basis within a period of 8 years. The Export Obligation shall be fulfilled by the use of the Imported Capital Goods.

The firm is also required to maintain its average of the past three years export performance of the same and similar products as mentioned above.

The total export obligation fulfilled by Company till May 31, 2007 is US \$ 0.53million. The balance export obligation to be fulfilled is US \$ 8.04 million.

Business Strategy

(a) Domestic Market:

With the considerable uptrend in the domestic market for various automobile sectors and defense and power sectors, the Company has an adequate order book and expects a similar trend in the future.

(b) Exports:

The potential in the major five countries being focused i.e. Germany, U.K., Korea, Iran and China, is very large. In comparison to their potential, the target set by the Company for exports is not even 3%-5% of their total market requirements for its products. Thus, it is less difficult to achieve this market growth.

Customer Service:

As the products are highly technical in nature and have to meet the high precision parameters, the need for technical service in the product is very high. All the area representatives are trained engineers, who can take care of minimum technical needs



of the customers. They are further backed up by specialist application engineers, based in the manufacturing units, who also visit the customers very frequently not only to provide technical service for the products supplied by the Company but also to help them in making further improvements in the usage of the products. This is a major strength, which is one of the reasons for commanding a high market share.

High Precision Quality:

All the products are manufactured with high precision. An experience of more than 40 years has helped the Company in building the quality culture, because of which it is able to penetrate in the developed market, such as U.K., Germany, Korea, etc.

Sales Promotion:

In the target export markets in Germany and U.K., the collaborator Forst Technologies is very well known and since the Company is selling its products through them, it do not require much promotion. But in Korea & Iran, it has a further increased the penetration and so the Company is planning for participation in Cutting Tool Fair in both these countries. The Company is also trying to enter Chinese market through participation in tool fair.

Capacity and Capacity Utilisation

The Company received license in the year 1965 on quantity-wise, but in practice, actual comparison cannot be made in terms of quantity in case of broaches, hobs, shaper cutters etc. as these are tailor-made items.

The sizes of broaches differ from piece to piece from diameter 5 mm to diameter 250 mm and length varies from 200 mm to 2.4 meters. The price of the broaches also varies from Rs 2,000/- per piece to Rs 6 lacs per piece. Broaches of bigger size needs more machine hours as compared to small ones. Sometimes complicated broaches and hobs etc. also take more machine hours for completion and accordingly the prices are decided on the basis of machine hours, size and diameter. Hence, the capacity can be measured better in terms of value rather than quantity. Hence, the number of broaches and other items produced against the installed capacity of 9000 Nos. should not be taken as criteria for deciding utilization of installed capacity. On the basis of the past experience and availability of machine hours and utilization of machine, the Company has fixed its installed capacity in terms of value.

Current Products & their Capacities

| | Products | Installed Capacity (Nos) | Installed Capacity (Value) (Rs. In lacs) | Capacity Utilised (Nos) (For 12 months ended 31 st March, 2007) | Capacity Utilised (Value) (Rs. In Lacs) (For 12 months ended 31 st March, 2007) |
|-----|---|--------------------------|--|--|--|
| 1. | Broaches | 10,030 | 1966 | 4059 | 1439.99 |
| 2. | End Mills, Profiled Tools and Other Cutters (all Cutting Tools) | 6,000 | 10 | Nil | Nil |
| 3. | Rolls | 12 Tons | 60 | Nil | Nil |
| 4. | Broach Sharpening Machines | 10 | 40 | 4 | 50.86 |
| 5. | Gauges | 3,000 | 180 | 2808 | 196.25 |
| 6. | Slitting Saws | 8,000 | 60 | 2608 | 11.42 |
| 7. | Spline Mandrels | 1,500 | 60 | 86 | 8.77 |
| 8. | Master Gears | 750 | 80 | 208 | 62.95 |
| 9. | Index Plates | 1,200 | 10 | 24 | 3.93 |
| 10. | Gear Hobs | 7,385 | 1016 | 3126 | 542.04 |
| 11. | Shaper Cutters | 4,800 | 130 | 1279 | 186.79 |
| 12. | Tool Bits (Registered Cap.) | 80,000 | 30 | Nil | Nil |
| 13. | Shaving Cutters | 2,640 | 792 | 1337 | 344.84 |
| | Total | | 4,434 | | 2,847.84 |



Capacity of Machining facility at Aurangabad.

The capacity of these machines mainly depends upon the type of component, amount of machining involved and the cycle time required to cut the component. Hence the output per machine varies according to the above said parameters.

The capacity can be defined by way of number of machine hours available for the machining. The machining hours available will be approximately 498 Hours / Month based on the assumptions of 22.5 Hours / day, 26 Days / Month and with 85% working efficiency.

Competitive Strengths

- Highly customized production of the cutting tools as per the Customer requirements and production standards.
- Presence in the Industry since last 39 years.
- Monopoly in supply of Gauges.
- One of the manufacturers of shaving cutters & hobs among the only two present in the Organized Sector.
- Best Competitive price due to lower cost of production particularly at Gandhidham.
- Established Sales & Technical Service Network in Europe, Asia as well as India.

Human Resource

For recruiting personnel, Head of Department obtains approval from Unit Head for new recruit, giving details of existing work load, functions to be carried out etc. On receiving approval, regular process of selection is carried out like shortlisting CV's (received through available databank or advertisement or placement agency), interviews, fixation of existing salary structure etc.

Insurance

| DATE | POLICY NO. | COMPANY NAME | POLICY TYPE | FROM | TO | AMOUNT (Rs. in lacs) | PREMIUM Rs. |
|----------|--------------|--------------------------------|------------------|----------|----------|-------------------------|----------------|
| 01.07.07 | 11-2208-305 | The Oriental Insurance Co. Ltd | Fixed Assets | 02.07.07 | 01.07.08 | 8.50 | 193.36 |
| 01.07.07 | 11-2208-306 | The Oriental Insurance Co. Ltd | Fixed Assets | 02.07.07 | 01.07.08 | 8.50 | 108.46 |
| 01.07.07 | 11-2008-304 | The Oriental Insurance Co. Ltd | Fixed Assets | 02.07.07 | 01.07.08 | 37.00 | 907.08 |
| 01.07.07 | 11-2008-310 | The Oriental Insurance Co. Ltd | Fixed Assets | 02.07.07 | 01.07.08 | 0.18 | 6.03 |
| 01.07.07 | 11-2008-296 | The Oriental Insurance Co. Ltd | Fixed Assets | 01.07.07 | 30.06.08 | 13.70 | 403.15 |
| 01.07.07 | 11-2008-303 | The Oriental Insurance Co. Ltd | Fixed Assets | 01.07.07 | 30.06.08 | 175.00 | 7764.43 |
| 01.07.07 | 11-2008-309 | The Oriental Insurance Co. Ltd | Fixed Assets | 01.07.07 | 30.06.08 | 2439.00 | 104386.77 |
| 01.07.07 | 11-2008-308 | The Oriental Insurance Co. Ltd | Stock (Fire) | 01.07.07 | 30.06.08 | 600.00 | 21198.12 |
| 01.07.07 | 11-2008-307 | The Oriental Insurance Co. Ltd | Fixed Assets | 01.07.07 | 30.06.08 | 1,272.00 | 71944.33 |
| 01.07.07 | 48-2008-1665 | The Oriental Insurance Co. Ltd | Cash (Burglary) | 01.07.07 | 30.06.08 | 2.00 | 280.90 |
| 01.07.07 | 48-2008-1666 | The Oriental Insurance Co. Ltd | Cash (Burglary) | 01.07.07 | 30.06.08 | 1.00 | 140.45 |
| 01.07.07 | 48-2008-1667 | The Oriental Insurance Co. Ltd | Cash (Burglary) | 01.07.07 | 30.06.08 | 8.00 | 1123.60 |
| 01.07.07 | 48-2008-1664 | The Oriental Insurance Co. Ltd | Money in Transit | 01.07.07 | 30.06.08 | 125.00 | 1756.19 |



| DATE | POLICY NO. | COMPANY NAME | POLICY TYPE | FROM | TO | AMOUNT (Rs. in lacs) | PREMIUM Rs. |
|----------|-----------------------|--|----------------------|----------|----------|-------------------------|------------------|
| 01.07.07 | 48-2008-1663 | The Oriental Insurance Co. Ltd | Money in Transit | 01.07.07 | 30.06.08 | 125.00 | 1756.19 |
| 01.07.07 | 122200-21-2008-52 | The Oriental Insurance Co. Ltd | Marine Policy Local | 01.07.07 | 30.06.08 | 3500.00 | 255619.00 |
| 23.01.07 | OG-07-2401-4001-19393 | Bajaj Allianz General Insurance Co. Ltd. | Fixed Assets | 23.01.07 | 22.01.08 | 2280.00 | 374264.00 |
| 19.10.06 | OG-07-2401-4003-61 | Bajaj Allianz General Insurance Co. Ltd. | Fixed Assets | 19.10.06 | 18.10.07 | 216.00 | 55,438.00 |
| 01.07.07 | 122200-21-2008-55 | The Oriental Insurance Co. Ltd | Marine Policy Import | 01.07.07 | 30.06.08 | 400.00 | 27865.28 |
| 01.07.07 | 122200-21-2008-56 | The Oriental Insurance Co. Ltd | Marine Policy Export | 01.07.07 | 30.06.08 | 446.50 | 24557.00 |
| | TOTAL | | | | | 11657.38 | 949712.34 |

PROPERTY

Purchase of property:

| Particulars | Area in Sq. mts. | Cost Rs. |
|-------------|------------------|---|
| Kalol | 1,273.85 | 1,95,000(After Revaluation) Rs 61,845(Before Revaluation) |

On 29th February, 1988, the Company has purchased freehold non-agricultural land situated at Chhatral bearing Plot no. C forming part of Block no 1066 of Mouje Chhatral of Kalol Taluka in the Registration district of Mehsana and sub-district of Kalol admeasuring 1,273.85 sq. metres from Mr Bhulamiya Khamdinmiya Saiyed for a sum of Rs 48,754/-.

On 23rd December, 2004, Gujarat Growth Centre Development Corporation Limited allotted Plot No. 197 – 201 at Mithirohar Growth Centre admeasuring 10,000 square meter for Rs 27.50 lacs fully paid for the Gandhidham unit.

Lease Details

Thane Unit:

- For the plant at Thane, the Company has purchased land from “The Indian Tool Manufacturers Ltd” (Now a Division of Zenith Birla (India) Ltd) vide Lease Agreement dated 15th July, 1966 admeasuring 4,762 square meters situated at village Panchpakhadi within the Municipal limit of Thane for a lease period of 98 years for a yearly rent of Rs 3,814/-. Further vide Lease Agreement dated 27th February 1974, the Company has purchased an additional land from “The Indian Tool Manufacturers” admeasuring 613 square metres adjacent to the existing plot for a lease period of 90 years for a yearly rent of Rs 491.
- On 14th May, 2002, DFTL entered into an agreement with The Indian Tool Manufactures(ITM) wherein the land admeasuring 5,375 square metres obtained by DFTL on lease was outrightly purchased by DFTL by paying the rent for the entire residual period of 63 years amounting to Rs 2,71,215. There is no due pending to be paid by the Company to ITM towards the rent of the said demised land. The agreement specifically states that henceforth ITM shall not be entitled to terminate and /or cancel the said lease for any reasons or on any grounds whatsoever.
- The Company has entered into an agreement on the 14th May, 2002, with Gentronic Leasors Pvt. Ltd & Kabra Estate & Developers Pvt. Ltd (referred to as the Developers) and Indian Tool Manufacturers for its land situated at Thane admeasuring 5,375 square metres, out of which 3,800 square metres of land be granted for development to the Developers, wherein the Developers will pay Rs 92.00 lacs to DFTL, in stages, Rs 50.00 lacs to be paid simultaneously with the execution hereof, Rs 10.00 lacs on the Company vacating the various structures on the said property and handing over vacant possession of the said property, Rs 20.00 lacs payable on sanction of Plans and on commencement of work on site and Rs 12.00 lacs payable on execution of Conveyance or Deed of lease in respect of the said property & Rs 5.00 lacs to ITM, to be paid before Commencement of Development on Site. As on date, the Company has received Rs 90.00 lacs out of the said amount of Rs 92.00 lacs.

Aurangabad Unit No. 2, 3, 4 (Broach Division)

- An agreement dated 29th August, 1974, was entered into between DFTL & MIDC wherein the land known as Plot No F2 in the Chikalthane Industrial Area within the village limits of Navegaon, taluka and registration and sub-district Aurangabad,



wherein the land admeasuring 23,820 square meters was leased by MIDC for a period of 95 years for a consideration of Rs 83,400 as premium.

- Plot F2 as mentioned above was divided into two plots – F 2/1 & F 2/2. An agreement of Assignment was entered on 24th August, 1987 between Dagger Forst Tools Ltd & Dagger Master Tools Industries Ltd

Wherein Plot No F 2/2 was assigned & transferred in favour of Dagger Master Tools Industries Ltd. For this DMTIL paid a consideration Rs 15,300/- to MIDC & Rs 6,300/- to DFTL.

- An tripartite agreement was entered on 21st day of September 1988 between MIDC (referred to as the Lessor) and Dagger Forst Tools Ltd (referred to as the Lessee), wherein Plot No F-2/1 admeasuring 22,020 sq. meters was allowed to be held by the Lessee (DFTL), and another Plot No F-2/2 admeasuring 1,800 sq. meters allowed to be transferred to M/s Dagger Master Tools Industries Ltd.

Aurangabad Unit No. 5 (Gear Cutting Tool Division):

- An agreement dated 3rd January, 1973 was entered into between MIDC & The Indian Tool Manufacturers Ltd for lease of a piece of land known as Plot No. A3 in the Aurangabad Industrial Area, at Chikalthane within the village limits of Mukundwadi and Mhasnadpur, taluka & registration sub-district, Aurangabad, containing & admeasuring 21,840 square meters for a lease term of 95 years for a consideration of Rs 0.27 lacs.
- By an agreement for sale dated 2nd July 1984 into entered between Zenith Steel Pipes & Industries Limited (Indian Tools Manufacturers Limited a separate entity in 1973 now a division of Zenith) and Dagger Forst Tools Limited wherein DFTL acquired the Aurangabad unit of Indian Tool Manufacturers (a division of Zenith Steel Pipes & Industries Limited) as a going concern together with all assets and liabilities. The unit acquired by DFTL was situated at Plot A3 in Aurangabad. The unit was purchased at a net value of Rs. 53.40 Lacs.
- A deed of Assignment for the above mentioned agreement was entered on 16th October 1989 between Zenith Birla (India) Ltd & DFTL to assign the land admeasuring 21,840 square meter by Zenith Birla (India) Ltd to DFTL.
- An agreement to assign leasehold rights entered on 29th March, 2003 between DFTL & Future Motors Pvt. Ltd for assignment of leasehold right of land situated at A3 MIDC Chikalthane admeasuring 7,764 sq. meter out of 21,840 sq. meters for a consideration of Rs 74.41 lacs. As of date, DFTL has received Rs 68.41 lacs. Execution of leasehold rights by MIDC to Future Motors Pvt. Ltd. is still pending.

Gandhidham Unit No. 6

- An agreement dated 02nd March, 2006 was entered into between DFTL & Gujarat Growth Centre Development Corporation Limited for lease of a piece of land known as Plot No. 197-201 in Mithirohar Growth Centre at Gandhidham admeasuring 10,000 square meter for a lease term of 99 years for a consideration of Rs 27.48 lacs.

Financial Indebtedness of the Company

| Name of the Lender | Sanction Amount (Rs in lacs) | Loan Documentations | Amount Outstanding as on 31 st March 2007 (Rs in Lacs) | Interest Rate | Repayment Schedule | Security Created |
|--------------------|------------------------------|--------------------------------|---|---------------|--------------------|---|
| IDBI | 400.00 | Equipment Finance Loan | 9.62 | 11% | Payable Quarterly | Secured by Mortgage of Immovable Properties and hypothecation of other Fixed Assets & movable Assets ranking pari-pasu with others, subject to prior charges created in favour of the Company's bankers on Stock & Debts. |
| IDBI | 500.00 | Long Term Working Capital Loan | 96.25 | 11% | Payable Quarterly | Secured by Mortgage of Immovable Properties and hypothecation of other Fixed Assets & movable Assets ranking pari-pasu with others, subject to prior charges created in favour of the Company's bankers on Stock & Debts. |



| Name of the Lender | Sanction Amount (Rs in lacs) | Loan Documentations | Amount Outstanding as on 31 st March 2007 (Rs in Lacs) | Interest Rate | Repayment Schedule | Security Created |
|-----------------------------------|------------------------------|--|---|---------------|--------------------|---|
| IDBI | 500.00 | Long Term Working Capital Loan | 158.17 | 11% | Payable Quarterly | Secured by Mortgage of Immovable Properties and hypothecation of other Fixed Assets & movable Assets ranking pari-pasu with others, subject to prior charges created in favour of the Company's bankers on Stock & Debts. |
| Export Import Bank of India | 1155.00 | Long Term Project Loan | 1039.43 | 10% | Payable Quarterly | Secured by Mortgage of Immovable Properties and hypothecation of other Fixed Assets & movable Assets ranking pari-pasu with others, subject to prior charges created in favour of the Company's bankers on Stock & Debts and Second Charge on Current Assets. |
| UTI Bank Ltd. | 100.00 | Term Loan Under business loan against Property | 90.27 | 9.25% | Payable Monthly | Registered mortgage of office premises situated at Unit No. 232 to 243 on 2 nd Floor, Building No S 1, Vedant Commercial Complex, Vertak Nagar, 1 st Pokhran Road, Thane (W) 400606 |
| Indian Overseas Bank (Fund Based) | 1000.00 | Cash Credit and Book Debts | 1167.05 | 11.50% | - | Secured by hypothecation of Stocks, debts, and second charge on Fixed Assets. |
| HDFC Bank | 4.98 | Vehicle Loan | 4.35 | 9.25% | Payable Monthly | Secured by way of mortgage loan |
| ICICI Bank | 36.87 | Vehicle Loan | 13.20 | 4.59% | Payable Monthly | Secured by way of mortgage loan |
| ICICI Bank | 4.36 | Vehicle Loan | 2.39 | 9.77% | Payable Monthly | Secured by way of mortgage loan |
| ICICI Bank | 6.60 | Vehicle Loan | 4.10 | 5.94% | Payable Monthly | Secured by way of mortgage loan |
| ICICI Bank | 57.21 | Vehicle Loan | 32.30 | 6.04% | Payable Monthly | Secured by way of mortgage loan |

KEY INDUSTRY REGULATIONS:

The following regulations and legislations are the significant laws, which broadly govern this industry in India:

Excise Regulations:

The Central Excise Act, 1944 seeks to impose an excise duty on specified excisable goods, which are produced or manufactured in India. However, the Government has the power to exempt certain specified goods from excise duty, by notification. The rate, at which the said duty is sought to be imposed, is contained in the Central Excise Tariff Act and presently attracts an excise duty at the rate of 16% of the value of the goods calculated in accordance with the said Act. An additional 3% education cess has been levied and therefore, the aggregate excise duty is 16.48% ad valorem.



Gandhidham Unit

As per General Exemption Notification No.47, new industrial units set up at Kutch, Gujarat, before 31st December, 2005 are eligible for exemption of Excise Duty payment. The exemption shall apply for a period not exceeding 5 years from the date of commencement of commercial production by the unit.

The volume of exemption in case of units having an original value of investment in Plant & Machinery installed in the factory below Rs.20 Crores on the date of commencement of commercial production in that unit, the exemption shall apply only for the first clearances upto an aggregate value not exceeding twice the value of such investments from the date of commencement of commercial production in each year.

Customs Regulations:

All imports to the country or export from the country are subject to duties under the Customs Act,1962 at the rates specified under the Customs Tariff Act,1975. However, the Government has the power to exempt certain specified goods from customs duty, by notification. An import duty of 15% is levied on the value of the raw material viz. high speed steel in accordance with Custom Tariff Act, 1975.

Gandhidham Unit:

Plant & Machinery for Gandhidham unit are imported under EPCG Scheme Custom Duty is levied at 5%, against general rate of 20%. An additional 2% education cess has been levied on customs duty + additional counter-vailing duty. These rates are net of CENVAT credit.

Aurangabad Project:

The Company has not yet applied for EPCG Scheme, and is in the process of applying for the same.

Environmental and other Regulations:

The Company has to comply with the provisions of Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act,1974, the Air (Prevention and Control of Pollution) Act,1981. Ours is an Engineering Company and there is no hazardous waste or process and also no need for affluent disposal.

There are other legislations such as the Factories Act, 1948 and various other Labour legislations, which are also applicable to manufacturing companies.



HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

History and Major Events

Dagger Forst Tools Limited (DFTL), a part of Yashovardhan Birla Group is engaged in the manufacture of highly specialized cutting tools viz. broaches, hobs, shaper cutters & shaving cutters (gear cutting tools).

DFTL was incorporated in the year 1965 to set up a Broach manufacturing plant at Thane in Maharashtra in technical collaboration and equity participation with Oswald Forst GmbH of Germany and their nominee German Investment and Development Company.

In order to cater to the increased market demand for Broaches, the company set up another plant in 1975, at Aurangabad in Maharashtra.

The Company, as part of its diversification plans, set up another plant at Aurangabad in Maharashtra for manufacturing gauges in collaboration with W. Forst, England, in the year 1977, which was followed by another plant to manufacture slitting saws in the same Industrial Area.

In 1984, the Company purchased a plant at Aurangabad where gear cutting tools and built up hobs are manufactured. The said plant had the technical collaboration with Klingelberg Sohne of Germany. Aurangabad is also the venue for the gear cutting tools and built-up hobs manufacturing units which had collaboration with Klingelberg Sohne of Germany and the expertise for the manufacture of shaving cutters came from M/s Samputensili SpA of Italy.

All the collaborations mentioned above i.e. with Oswald Forst GmbH, W. Forst, Klingelberg Sohne and Mis. Samputensili SpA has been expired. For brief details of collaborations, please refer the heading "Collaborations" on page 48 of this Offer Document.

The Company has obtained ISO Certification at all its manufacturing locations.

In 1997-98, DFTL has strategically promoted Birla Peruchhini Limited, a joint venture with Kinglor and Fonderia Perucchini of Italy, to manufacture precision molded castings for automobile and engineering industry. This company has financial investment from IL&FS Venture Corporation (IVC). This company has its manufacturing unit at Aurangabad and has recently commenced commercial production.

In 2005, the Company has set up new Unit No. VI at Gandhidham, Bhuj for manufactures of existing products viz. Broaches, Gear Hobs, Shaving Cutters etc.

Major events in the History of the Company:

| | |
|------|---|
| 1965 | Incorporation, in Technical Collaboration with Oswald Forst GmbH of Germany |
| 1966 | Commenced Production of Broaches which was import substitute in technical collaboration with M/S Oswald Forst GmbH West Germany |
| 1972 | Received letter of intent for expansion of capacity from 4800 broaches per annum to 9000 broaches per annum |
| 1972 | Received Industrial License to manufacture 20 Broach Sharpening Machines |
| 1974 | Set up a new unit at Aurangabad, Maharashtra for manufacture of Broaches |
| 1974 | Company sold its first broach sharpening machine |
| 1977 | Set up one more unit at Aurangabad, for manufacture of Gauges in technical collaboration with M/S W.Forst Engineers Ltd. England and for manufacture of metal slitting saws |
| 1983 | The technical collaboration with W. Forst Engineers Ltd. got expired |
| 1985 | Company came out with first public issue and also acquired Aurangabad unit of Indian tool Manufactures a division of Zenith Steel Pipes & Industries Ltd manufacturing Gear Cutting Tools as a going concern. |
| 1986 | New facilities set up at Aurangabad for manufacture of built-in hobs for the first time in India with German technology and shaper cutters with Italian technology |
| 1992 | Company implemented modernisation and renovation programme. |
| 1993 | The technical collaboration with Oswald Forst GmbH, Germany got expired |
| 1996 | Implemented expansion and modernisation of existing plants |



| | |
|------|--|
| 1997 | New facilities set up at Aurangabad for manufacture of shaving cutters in collaboration with Samputensili, Italy. |
| 2000 | ISO 9001:1994 Certificate awarded for Thane as well as Aurangabad Units. |
| 2003 | ISO 9001:2000 Certificate awarded for Thane as well as Aurangabad Units. |
| 2005 | The Company has set up new Unit No. VI at Gandhidham for manufacture of existing products viz. Broaches, Gear Hobs, Shaving Cutters etc. |
| 2006 | The technical and commercial collaboration with Samputensili S.p.a got expired |

Changes in Promoters

| Earlier Promoters | Date | Date of Exit |
|--|---------------------------------|----------------------------------|
| Mr. Sri Gopal Nevatia. | 19 th April, 1965 | 22 nd February, 1967 |
| Ms. Madhuri Nevatia | 19 th April, 1965 | 22 nd February, 1967 |
| Mr. Vimal Nevatia | 19 th April, 1965 | 22 nd February, 1967 |
| Mr. Ranjit Toprani | 19 th April, 1965 | 22 nd February, 1967 |
| Mr. Sharad Mehta | 19 th April, 1965 | 22 nd February, 1967 |
| Mr. Satish Mehta | 19 th April, 1965 | 22 nd February, 1967 |
| Ms. Sunanda Devi Birla | 19 th April, 1965 | 14 th February, 1990 |
| Indian Tools Manufacturers Limited | 24 th November, 1965 | 26 th September, 1973 |
| D.E.G, Germany | 26 th December, 1966 | 30 th August, 1994 |
| Oswald Forst GmbH, Germany | November 1965 | 17 th August, 2006 |
| Birla International Private Ltd. | 13 th July, 1971 | 13 th June, 2007 |
| Hallmark Leasors & Distributors Pvt. Limited | 20 th December, 1996 | 20 th January, 2006 |
| Capricon Leasors & Distributors Pvt. Ltd. | 20 th December, 1996 | 20 th January, 2006 |
| Schimitar Investment & Trading Co. Pvt. Ltd. | 08 th January, 1993 | 01 st August, 2003 |
| Mr. Ashokvardhan Birla (HUF) | 17 th July, 1984 | 14 th February, 1990 |
| Ms. Sujata Birla | 20 th July, 1981 | 14 th February, 1990 |
| Mr. Ashokvardhan Birla | 17 th July, 1973 | 14 th February, 1990 |

| Existing Promoter | Date |
|---|---------------------------------|
| Mr. Yashovardhan Birla | 20 th December, 1996 |
| Birla Bombay Private Limited | 08 th January, 1993 |
| Asian Distributors Private Limited | 20 th December, 1996 |
| Shearson Investment & Trading Co. Pvt. Ltd. | 08 th January, 1993 |
| Godavari Corporation Pvt. Ltd. | 08 th January, 1993 |
| Birla Cotsyn (India) Ltd. | 08 th January, 1993 |
| Nirved Traders Pvt. Limited | 13 th June, 2007 |



Main Objects of the Company:

The main objects of the Company as stated in the Memorandum are as under:

1. To buy and/or sell and/or manufacture and/or produce and/or otherwise engage generally in the manufacture or production of Broaches and Broaching and other machines and machine tools and small tools, cutting tools, precision tools, precision instruments, etc. and to do all acts and things necessary or required for the purpose.
2. Without prejudice to the generality of the other powers of the Company,
 - a. To mine, quarry, smelt, refine, manufacture, process, fabricate, purchase or otherwise acquire, sell or otherwise dispose of or deal in ores, metals and compounds, metal goods wares and products of all kinds chemicals, chemical compounds and metals, minerals or other materials of every kind needed for or resulting from the mining, production or processing of iron and steel or other ferrous or non-ferrous metals and metal products of every kind.
 - b. To make or cause to be made studies, reports and tests to determine the desirability and the feasibility of establishing and integrated metal processing and fabrication business in the Union of India or to determine the desirability and feasibility of establishing plants, factories and other facilities at various locations to serve such a metal fabrication business.
3. To buy, sell, refine, manufacture and deal in minerals and metals of all kinds.
4. To buy, sell, manufacture and/or deal in machinery, plant, implements, rolling stock, hardware, and other articles and things which may be of use in connection with the business of the Company including metallurgical or other operations which may be required by those employed in or about the business of the Company.
5. To construct, purchase, take on lease, hold, manage, operate, develop, grant licenses or easements over or sell, exchange, lease repurchase, mortgage, let-out on hire or lease of movable and immovable properties including sale and purchase of land and other things, rights, benefits, licenses and easements connected therewith and advantages of any kind whatsoever and the same to resell, mortgage, let on lease or otherwise deal with.

Shareholders' Agreement

There is no Shareholders' Agreement existing as on date.

Other Agreements

Except the Agreements, as mentioned under the sub-heading "Collaborations" appearing on page 48 of this Offer Document and the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by the Company, the Company has not entered into any other Agreement / Contract.

Financial / Strategic Partners

There are no financial or strategic partners.



MANAGEMENT OF THE COMPANY

The Company functions under the control of a Board consisting of professional Directors. The day-to-day matters are looked after by qualified key personnel.

| Name, Age, Address, Designation and Occupation | Date of Appointment | Qualification | Other Directorships | Compensation (2006-2007) |
|--|--------------------------------|----------------------|---|---|
| Mr Yashovardhan Birla DIN: 00005804 Age: 38 Address: Birla House, 21Mt. Pleasant Road, Mumbai 400006 Designation: Chairman | 30 th March 1990 | M.Com, L.L.B | Asian Distributors Pvt. Ltd Birla Cotsyn (India) Ltd Birla Bombay Pvt. Ltd Birla Brothers Pvt. Ltd Birla Cement and Inds. Ltd 3M India Ltd Birla Kennametal Ltd Birla Power Solutions Ltd. Shearson Investment & Trading Co. Pvt. Ltd. Viking Travels Pvt. Ltd Zenith Birla (India) Ltd | Only Sitting Fees |
| Ms Avanti Birla DIN: 00167903 Age: 38 Address: Birla House, Mt. Pleasant Road, Mumbai 400006 Designation: Director | 15 th October 1996 | M.A | Birla Cement & Industries Ltd Godavari Corporation Pvt. Ltd Viking Travels Pvt. Ltd Asian Distributors Pvt. Ltd | Only Sitting Fees |
| Mr.G.L. Lath DIN: 00005823 Age: 57 Address: Flat No. 801, A-Wing, Aster Tower, Vasant Dham, Malad (E) Mumbai 400 097 Designation – Executive Director | 30 th January, 2006 | B.COM, F.C.A | BCI International Ltd. Birla Leasing & Infrastructure Ltd. Birla Electricals Ltd. Khopoli Investment Ltd. Lakshmi Properties Ltd. Shearson Investment & Trading Co. Pvt. Ltd. Nirved Traders Pvt. Ltd. Tungabhadra Holdings Pvt. Ltd. Godavari Corporation Pvt. Ltd. Shloka Graphics Pvt. Ltd. Shloka academy Pvt. Ltd. ABN AMRO Securities (India) Pvt. Ltd. Viking Travels Pvt. Ltd. Birla Cotsyn (India) Ltd. Birla Carpet Pvt. Ltd. Vedant Consultancy Pvt. Ltd. Birla Infrastructure Pvt. Ltd Birla Global Corporate Ltd Lath Traders & Consultants Pvt. Ltd. | Please refer the heading “Compensation of the Wholetime Director” |
| Mr Vijay Agarwal DIN: 00058548 Age: 49 Address: 503, Jolly Bhavan No 1, New Marine Lines, Mumbai - 400020 Designation: Director | 31 st October, 2002 | M.Com, F.C.A | Gufic Bioscience Ltd. Themis Medicare Ltd. Nucsoft Ltd. Comuage Infocom Ltd. Anish Financial Services (P) Ltd. Richter Themis Medicare (I) Pvt. Ltd. Down Town Trading & Investment Ltd. | Only Sitting Fees |
| Mr. Shailesh Sheth DIN: 00041713 Age: 59 Address: Shakuntala | 30 th October 2006 | B.Com, M.B.A | Endress & Hauser (India) Pvt. Ltd. Josts Engineering Co. Ltd. Bharat Fritz Werner Ltd. Birla Kennametal Ltd. | Only Sitting Fees |



| Name, Age, Address, Designation and Occupation | Date of Appointment | Qualification | Other Directorships | Compensation (2006-2007) |
|--|------------------------------|---------------------|---------------------------|--------------------------|
| School Bldg. 1 st Floor, 38, M.K. Marg, Marine Lines, Mumbai 400020 Designation: Additional Director | | | | |
| Mr. Rajesh Shah DIN: 00079576 Age: 53 Address: 4-B, Pleasant Palace, Friends Society, Plot No. 4, N.S. Road No. 5, J.V.P.D Scheme, Vile Parle (W) Mumbai 400005 Designation: Additional Director | 12 th March, 2007 | B.Com (Hons), F.C.A | Birla Power Solution Ltd. | Only Sitting Fees |

PROFILE OF PROMOTER DIRECTOR:

For the profile of Promoter Director please refer heading Promoters of the Company on page 72 of the Offer Document.

PROFILE OF THE DIRECTORS OTHER THAN PROMOTER OF THE COMPANY IS GIVEN BELOW:

- **Ms. Avanti Birla** aged 38 years is one of the directors of the group companies for over 13 years. She is a M.A. by qualification.

Furnishing & lifestyle segment of business which is catering to a section of society that craves for superior international quality and well designed interior products & other luxurious at affordable price, was conceptualized & founded by Ms. Avanti Birla. Currently she is involved in development & managing of this segment of the group.
- **Mr. G.L. Lath** aged 57 years is a Chartered Accountant by qualification with more than 34 years of experience in the Industry and associated with Group since last 32 years.

He joined M/s. Dagger Forst Tools Ltd. in 1973 as an Accounts Manager. Mr. G.L. Lath has been appointed as Wholetime Director designated as Executive Director of the Company for a period of five years commencing from January 30, 2006. He is also Director on the Board of several Yashovardhan Birla Group Companies. He is managing the entire business of the Company.
- **Mr. Vijay Agarwal** aged 49 years is a Practicing Chartered Accountants for last 24 years specialized in Corporate Advisory, Tax and Audit field. As an independent director & Chartered Accountant by Profession he has been adding immense value to the Group.
- **Mr. Shailesh Sheth** aged 59 years is a Management Graduate from Indian Institute of Management; Ahmedabad. He started his career with Guest Keen Tools (PMT) Group of Companies. He also led the core group, which took up identification & implementation of diversification into Ophthalmic Machinery business with significant down stream possibilities. He initiated PMT's export thrust to far eastern markets of Japan, South Korea, Taiwan, ASEAN, etc. He has also implemented collaboration agreements with three European market leaders as well and sold the concept of "off-shore" manufacturing to various companies in Europe. Member of various organizations (CII, IMTMA etc.), Mr. Sheth has many publications to his name including Metallindustrie und Maschinenbau in Indien - jointly Dr. Heinrich Poell - For DEG - Deutsche Investitions und Entwicklungs Gesellschaft mbH, Koln, Germany. Currently Mr. Sheth acts as a "Corporate Advisor" to multinational company i.e. Endress & Hauser (India) Pvt Ltd.
- **Mr. Rajesh Shah** aged 53 years is a Chartered Accountant by qualification. He is partner with M/s. A.J. Shah & Co. Chartered Accountants since 1979. He is also member in various Committees like Taxation Committee, Bombay Chartered Accountants' Society, Managing Committee, International Fiscal Association (IFA), India Branch, New Delhi, Arbitration Panel – Bombay Stock Exchange Limited, Indian Council of Arbitration (MICA), Taxation Committee, Indian Merchant Chambers etc. He has 29 years of experience in Tax and Audit field.



Details of the Borrowing Powers

Vide a resolution passed at the Annual General Meeting of the Company held on 29th September, 2006, consent of the members of the Company was accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money which together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), shall not exceed in the aggregate at any one time Rs. 2500.00 Lacs (Rupees Twenty Five Hundred Lacs only) over and above the paid up capital and free reserves of the company.

Compensation of Whole Time Directors

Except Mr. G.L. Lath, Executive Director of the Company there is no compensation paid to the chairman as well as the other directors of the Company.

Pursuant to the board meeting held on 30th January, 2006 the Shareholders in their General Meeting held on 29th September 2006 has approved the appointment of Mr G.L. Lath as Wholetime Director designated as Executive Director of the Company for a period of five years commencing from January 30, 2006, with liberty to the Board of Directors to revise the terms as to remuneration from time to time the limit provided for in the Schedule XIII of the Companies Act, 1956 or any amendment thereof for the time being in force.

The remuneration in accordance with norms laid down in Schedule XIII and other applicable provisions of the Companies Act, 1956 as reproduced herein below:

(A) Salary per month:

Basic Salary: Rs. 47,900/-(Rupees Forty Seven Thousand Nine Hundred) per month and incentives shall be paid as decided by the Board of Directors from time to time with authority to the Board of Directors to fix an annual increment in salary.

Perquisites:

1. **Housing:** Furnished residential accommodation or house rent allowance @ 35% of the salary in lieu thereof. Housing Maintenance will be subject to ceiling of one month's salary. The expenditure incurred on gas, electricity and water will be subject to ceiling of 10% of basic salary.
2. **Medical Reimbursement:** Expenses incurred by the Executive Director and his family will be subject to ceiling of one month's salary.
3. **Leave Travel Allowance:** For self and his family once in a year in accordance with the rules specified by the Company.
4. **Leave:** Benefit of leave according to the Company's rule.
5. **Provident Fund (P/F) and Gratuity:** The Executive Director will be eligible to the benefit of contribution to Provident Fund, which presently is 12% of salary and Gratuity Scheme as per the Company's rules.
6. **Car:** The Executive Director will be provided a car with a driver for official purposes. However he will be billed for the personal use of the car.
7. **Residential Telephones:** The Executive Director will be eligible for two residential telephones and/or reimbursement of telephone expenses.
8. **Other Benefits:** Such as servant allowance, entertainment expenses etc. as applicable from time to time as per the Company's rules.

In the event of absence or inadequacy of profit in any financial year, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of Board, Constituting the committees such as Audit Committee and Shareholders/Investors Grievance Committee.

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as envisaged in Clause 49 of the Listing Agreement. Accordingly not less than one third of the Board of Directors comprises of non-executive and independent Directors.



| Sr. No. | Name of the Director | Status* | Date of Expiry of Terms |
|---------|------------------------|--------------------------------|-------------------------|
| 1 | Mr. Yashovardhan Birla | Non Executive, Non Independent | By Rotation |
| 2 | Ms. Avanti Birla | Non Executive, Non Independent | By Rotation |
| 3 | Mr. G.L. Lath | Executive Director | Non Rotation |
| 4 | Mr. Vijay Agarwal | Non Executive, Independent | By Rotation |
| 5 | Mr. Shailesh Sheth | Non Executive, Independent | By Rotation |
| 6 | Mr. Rajesh Shah | Non Executive, Independent | By Rotation |

* As per Clause 49 of the Listing Agreement

There is no service contract between the Company and its Directors except with Mr. G.L. Lath, Executive Director of the Company.

Audit Committee

Audit Committee is constituted by Board of Directors consisting of 3 directors, all of them being Non-Executive Independent Directors, namely Mr. Vijay Agarwal, Mr. Shailesh Sheth and Mr. Rajesh Shah. Mr. Vijay Agarwal acts as the Chairman of the Committee.

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

Composition of Audit Committee:

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|--------|----------------------|-------------|----------------------------|
| 1 | Mr Vijay Agarwal | Chairman | Non Executive, Independent |
| 2 | Mr. Shailesh Sheth | Member | Non Executive, Independent |
| 3 | Mr Rajesh Shah | Member | Non Executive, Independent |

Shareholders/ Investors Grievance Committee-

The Shareholders/ Investors Grievance Committee constituted by the Board of Directors consist of 3 directors, all of them are Non-executive independent Directors, namely Mr Vijay Agarwal, Mr. Shailesh Sheth, Mr Rajesh Shah.

The Committee inter alia, approves issue of Duplicate share certificates & reviews all matters connected with the Securities transfer. The Committee also looks into redressing of Shareholders/Investors Complaints like transfer of shares, Non receipt of Balance sheet, Non receipt of Dividend warrants & also handles the queries/ complaints relating to dematerialisation of shares etc. The committee oversees the performance of the Registrar & transfer agent & recommends measures for the overall improvement of the quality of Investors services.

Composition of Shareholders/ Investor Grievance Committee

| Sr. No | Name of the Director | Designation | Nature of Directorship |
|--------|----------------------|-------------|----------------------------|
| 1 | Mr Vijay Agarwal | Chairman | Non Executive, Independent |
| 2 | Mr. Shailesh Sheth | Member | Non Executive, Independent |
| 3 | Mr Rajesh Shah | Member | Non Executive, Independent |

INTERESTS OF DIRECTORS (OTHER THAN THE PROMOTER DIRECTORS)

Except as stated in "Related Party Transactions" on page 100 of this Offer Document, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares



allotted to them. Except to the extent of their compensation as mentioned on page 66 of this Offer Document, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

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

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

Statement Showing Shares held by the Directors

| Sr. No. | Name of the Director | Number of Shares held |
|---------|------------------------|-----------------------|
| 1 | Mr. Yashovardhan Birla | 72,000 |
| 2 | Mr. G.L.Lath | 800 |

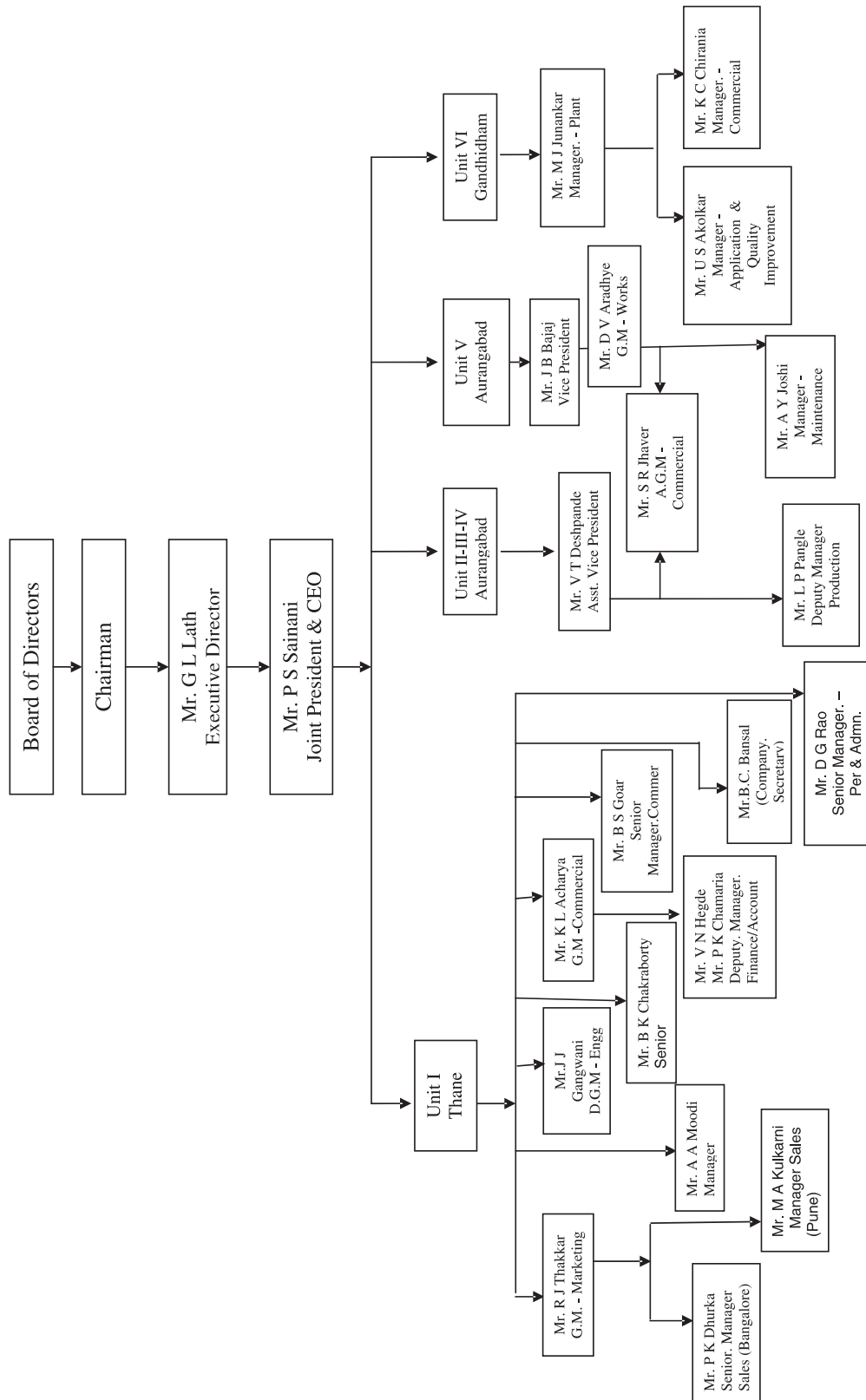
Changes in the Board of Directors in the last 3 years

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

| Name | Date Appointment | Date of Cessation | Reason |
|--------------------|------------------|-------------------|---|
| Mr. D.K.Agarwal | 31.10.2002 | 12.06.2004 | Demised |
| Mr. Arun Jain | 20.08.2004 | 12.03.2007 | Resigned from Board |
| Mr. Shishir Dalal | 28.01.2005 | 30.10.2006 | Resigned from Board |
| Mr. U.S. Sethia | 11.12.1990 | 29.09.2005 | Resigned from Board |
| Mr. G.L. Lath | 30.01.2006 | - | Appointed as Wholetime Director designated as Executive Director of the Company for a period of five years commencing from January 30, 2006 |
| Mr. Shailesh Sheth | 30.10.2006 | - | Appointed as Additional Director |
| Mr. Rajesh Shah | 12.03.2007 | - | Appointed as Additional Director |



MANAGEMENT ORGANISATION CHART




KEY MANAGEMENT PERSONNEL:

(Rs. in lacs)

| Sr. No | Name | Designation | Age | Qualification | Experience (Years) | Date of Joining | Functional Responsibility | Salary Paid During – 2006-2007 | Previously Employed |
|--------|---------------------|---------------------------------|-----|---------------|--------------------|-----------------|--|--------------------------------|----------------------------|
| 1 | Mr. P. S. Sainani | Joint President & CEO | 60 | B.E., M.B.M | 39 | 15.12.1999 | Overall incharge the Company | 10.56 | Time Packaging Ltd |
| 2 | Mr. J. B. Bajaj | Vice President Aurangabad | 57 | B.E. | 33 | 25.03.1974 | Incharge of Gear Cutting Tools Division | 6.18 | - |
| 3 | Mr. V.T. Deshpande | Asst. Vice President Aurangabad | 54 | D.M.E. | 32 | 11.12.1974 | Incharge of Broach & Gauge Division | 5.28 | - |
| 4 | Mr. R J Thakkar | G.M – Marketing | 55 | B.E, M.I.E | 33 | 03.01.2000 | Head-Marketing | 5.33 | Jindal Strips Ltd |
| 5 | Mr. J J Gangwani | D.G.M – Engineering | 48 | B.E | 25 | 06.02.1984 | Head-Designing & Planning for broach & gauge division | 3.83 | Batliboi & Co. Ltd. |
| 6 | Mr. M J Junankar | Plant Manager | 47 | B.E, PGDBM | 19 | 03.01.2005 | Incharge of Gandhidham unit. | 3.53 | NIIT Ltd |
| 7 | Mr. D V Aradhye | G.M (Works) GCT Unit | 47 | B.E. | 23 | 05.10.1986 | Overall in charge of production & administration of Gear cutting tools division. | 4.60 | J.N. Marshall P. Ltd, Pune |
| 8 | Mr. Bhuvnesh Bansal | Company Secretary | 30 | M.COM, ACS | 2 | 17.10.2005 | Secretarial, Legal and Regulatory Compliance Matters of the Company | 2.37 | Comfort Intech Ltd. |

Mr. P.S.Sainani, Joint President & CEO of the Company. He is overall incharge of the Company. He has done Bachelor of Engineering. He has a total experience of 39 years.

Mr. J.B.Bajaj Vice President is B.E. by qualification. He is the overall in charge of the Gear cutting tools division of the Company located at Aurangabad.

Mr. V.T.Deshpande Asst. Vice President. He has done diploma in Mechanical Engineering. He is overall in charge of Broaches and Gauge division of the Company located at Aurangabad.

Mr. R J Thakkar, General Manager – Marketing. He is B.E. by qualification. He is in overall in charge of Marketing of all the products of the Company.

Mr. J J Gangwani, Deputy General Manager - Engineering. He is B.E. by qualification. He looks after Engineering services including planning, design, R&D, cost estimation and other techno-commercial services related to the products for broaches and gauges.

Mr. M J Junankar, Manager - Project & Planning. He has done his B.E. and has also done his PGDBM. He is having 19 years of experience. He is in charge of Gandhidham unit. His responsibilities include liaisoning with various Government authorities, selection and procurement of machineries, co-ordination of civil construction activities and recruitment of manpower.



Mr. D V Aradhya, General Manager (Works) Gear Cutting Tool Division, Aurangabad is B.E (Mech). He is in overall incharge of production and administration of Gear Cutting Tools Division of DFTL situated at Aurangabad. He has an experience of more than 23 years in this industry.

Mr. Bhwnesh Bansal, Company Secretary. He is a Qualified Company Secretary and has also done M.Com. Prior to joining this Company, he was working with M/s. Comfort Intech Ltd as Company Secretary. He is currently looking after the Secretarial, Legal, Corporate Governance and Regulatory Compliance Matters of the Company.

All the key managerial personnel mentioned above are the permanent employees of the Company.

Shareholding of Key Managerial Personnel: NIL

Bonus or Profit Sharing Plan for the Key Managerial Personnel: NIL

Changes in the Key Managerial Personnel in the last three years:

| Sr. No. | Name | Designation | Date of Joining | Date of Leaving | Remarks |
|---------|--------------------|-------------------|-----------------|-----------------|-----------|
| 1 | Mr. Bhwnesh Bansal | Company Secretary | 17.10.2005 | - | Appointed |

EMPLOYEES:

The present strength of the Company is 660 employees as on 31st May, 2007.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

Except the payment of salaries and perquisites, the Company does not make any payments to its officers.



PROMOTERS OF THE COMPANY

Details of Promoters Being Individuals:

Name: Mr. Yashovardhan Birla

Designation: Chairman



| | |
|--------------------------|--|
| Permanent Account Number | AAJPB2505N |
| Passport Number | F3355431 |
| Voter ID Number | - |
| Driving License Number | - |
| Bank A/c no. | SB A/c No. -022-704757-006 HSBC, Fort Branch |
| Address: | Birla House, 21 Mt. Pleasant Road, Mumbai 400006 |

Mr. Yashovardhan Birla is the Chairman of the diversified Yashovardhan Birla Group. He has been the chairman of the group for over 13 years.

He has played key role in the development & up building of the diversified Yashovardhan Birla Group of Companies. Under the guidance of Mr. Yashovardhan Birla, the Group Chairman, the Group is striving to build on and contribute to the expansion of formidable Birla Conglomerate through identifying and exploiting various business opportunities.

DETAILS OF PROMOTER BEING A COMPANY:

(i) Nirved Traders Private Limited

| | | |
|--------------------------|---|------------------------------------|
| Permanent Account Number | : | AAACN 3387L |
| Company Registration No. | : | 11-82365 OF 1994 |
| Bank Account Details | : | Bank of Baroda Backbay Reclamation |
| Nature of Business | : | Investment & Finance Company |

History:

The Company was incorporated on 25th October, 1994 under the name of Nirved Traders Private Limited (Nirved). The Company is operating as NBFC and is in the business of dealing in shares and securities.

Nirved is 100% subsidiary of Birla International Private Limited. As per the order passed by the Hon'ble High Court, Mumbai in Petition No. 638 & 639 of 2006 approved the Scheme of Arrangement u/s 391 to 395 of the Companies Act, 1956 whereby "Infrastructure Service Division" of the Birla International Pvt. Ltd. together with all the attendant rights & obligations stands transferred to Nirved with effect from March 01, 2007

After the aforesaid Order of the High Court, Nirved has started to deal in "Infrastructure Service Division" business of Birla International Private Limited.

For details of the Scheme of arrangement, please refer point no. 7 on page no. 14 of this Offer Document.

Promoter:

M/s Birla International Private Limited.

Shareholding Pattern as on 31st March 2007:

| Sr No | Name of shareholders | Number of Equity Shares | % of holding |
|-------|--|-------------------------|---------------|
| 1 | M/s Birla International Pvt. Ltd | 2,49,700 | 99.88 |
| 2 | Mr. G.L. Lath & M/s Birla International Pvt. Ltd | 100 | 0.04 |
| 3 | Mr. Arun Singhi & M/s Birla International Pvt. Ltd | 100 | 0.04 |
| 4 | Mr. K.P. Chokhani & M/s Birla International Pvt. Ltd | 100 | 0.04 |
| | Total | 2,50,000 | 100.00 |



Board of Directors as on 31st March , 2007

The Board of Directors comprises of:

| Sr. No | Name | Designation |
|--------|--------------------|-------------|
| 1 | Mr. G. L. Lath | Director |
| 2 | Mr. Arun Singhi | Director |
| 3 | Mr. K. P. Chokhani | Director |

The brief financials are given below:

(Rs in Lacs)

| Particulars | 30 th September 2006 (18 months) | Fiscal 2005 | Fiscal 2004 |
|--|--|-------------|-------------|
| Total Income | 510.13 | 4.68 | 5.02 |
| Profit / Loss After Tax | 78.57 | 2.80 | 2.94 |
| Equity Share Capital | 25.00 | 25.00 | 25.00 |
| Reserves & Surplus (excluding revaluation reserve) | 2608.12 | 32.85 | 29.95 |
| Share Holders Funds / Net Worth (Rs) | 2633.12 | 57.85 | 54.95 |
| NAV per share of FV Rs. 10/- each (Rs.) | 1053.23 | 23.14 | 21.98 |
| EPS of FV Rs. 10/- each (Rs.) | 31.43 | 1.11 | 1.18 |

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues and no proceedings have been initiated for economic offences against the Company.

(ii) Birla Bombay Pvt. Limited

| | | |
|--------------------------|---|--|
| Permanent Account Number | : | AAACB2436N |
| Company Registration No. | : | 11-01084 dated 26 th September 1923 |
| Bank Account Details | : | UCO Bank, Churchgate Reclamation Branch |
| Nature of Business | : | Miscellaneous Finance Company |

History:

The company was incorporated on September 26, 1923 under the name and style of The Cotton Agents Pvt. Ltd. the name was changed to Birla Bombay Pvt. Ltd. on September 28, 1965. The company's registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020.

The company is carrying on the business of financier, guarantor and is also dealing in shares and securities. The company also holds properties and agricultural lands at various places.

Promoters:

- Mr. Yashovardhan Birla.
- M/s Birla International Pvt. Ltd.
- M/s Shearson Investment & Trading Co. Pvt. Ltd.
- M/s Godavari Corporation Pvt. Ltd.



Shareholding Pattern as on 31st March 2007

| Sr No | Name of shareholders | Number of Equity Shares | % of holding |
|--------------------------|--|-------------------------|---------------|
| EQUITY SHARES | | | |
| 1 | Mr. K.K. Birla | 72 | 1.29 |
| 2 | Mr Kumar Mangalam Birla | 24 | 0.43 |
| 3 | Mr. S.K .Birla & Mr. C.K. Birla | 72 | 1.29 |
| 4 | M/s Shekavati Investment & Traders Ltd | 160 | 2.86 |
| 5 | Hari Om Educational Institute | 210 | 3.75 |
| 6 | Govind Education Institute | 288 | 5.14 |
| 7 | Rukmani Birla Educational Institute | 288 | 5.14 |
| 8 | Calcutta Hospital Institute | 71 | 1.26 |
| 9 | Calcutta Medical Institute | 76 | 1.36 |
| 10 | M/s Godavari Corporation Pvt. Ltd | 840 | 14.99 |
| 11 | M/s Birla International Pvt. Ltd | 703 | 12.55 |
| 12 | Mr Yashovardhan Birla & Ms. Avanti Birla | 346 | 6.18 |
| 13 | Mr Yashovardhan Birla | 558 | 9.96 |
| 14 | Mr. Yashovardhan Birla C/o. Mr. Ashok V. Birla HUF | 635 | 11.33 |
| 15 | Yash Society | 400 | 7.14 |
| 16 | M/s Shearson Investment & Trading Co. Pvt. Ltd | 857 | 15.31 |
| | Total | 5,600 | 100.00 |
| PREFERENCE SHARES | | | |
| 1 | Yash Society | 250 | 25.00 |
| 2 | Sunanda Medical Institute | 361 | 36.10 |
| 3 | Sunanda Educational Society | 247 | 24.70 |
| 4 | M/s Birla International Pvt. Ltd. | 142 | 14.20 |
| | Total | 1,000 | 100.00 |

Board of Directors as on 31st March 2007

The Board of Directors comprises of:

| Sr. No | Name | Designation |
|--------|------------------------|--------------------|
| 1 | Mr. Yashovardhan Birla | Director |
| 2 | Ms Kusum Singhi | Director |
| 3 | Mr. K.P. Chokhani | Executive Director |
| 4 | Mr. Manish Malani | Director |

The brief financials are given below:

(Rs in Lacs)

| Particulars | Fiscal 2006 | Fiscal 2005 | Fiscal 2004 |
|--|-------------|-------------|-------------|
| Total Income | 262.91 | 231.21 | 109.98 |
| Profit / (Loss) After Tax | 63.27 | 129.72 | 18.68 |
| Equity Share Capital | 56.00 | 56.00 | 56.00 |
| Reserves & Surplus (excluding revaluation reserve) | 1495.51 | 1,432.24 | 1,302.53 |
| Share Holders Funds / Net Worth (Rs) | 1551.51 | 1,488.24 | 1,358.53 |
| NAV per share of FV Rs. 1000/- each (Rs.) | 27,705.63 | 26,575.71 | 24,259.46 |
| EPS of FV Rs. 1000/- each (Rs.) | 1106.62* | 2293.13* | 310.27* |

* EPS of Rs. 1106.62 for the year 2006, Rs. 2293.13 for the year 2005 and of Rs 310.27 for the year 2004 is calculated after taking into account Preference Dividend of Rs 1,30,000/-.



This Company is an unlisted Company and it has not made any public or rights issue in the preceding three years. The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iii) Asian Distributors Limited

| | | |
|--------------------------|---|---|
| Permanent Account Number | : | AAACA5013E |
| Company Registration No. | | 11-14209 dated 24 th December 1942 |
| Bank Account Details | : | UCO Bank Current A/c - 00616 |
| Nature of Business | | Trading & Investment |

History:

The Company was incorporated in 1942 under the name and style of East - West Import & Export Ltd. The name of the company was changed to Asian Distributors Ltd. on 2nd December, 1968. At present company is in the business of investment activities.

Promoters

- M/s Padmavati Investment Ltd.*
- Sushila Birla Memorial Institute.
- Yash Society.

* M/s Indore Exporting & Importing Co. Ltd. has been amalgamated with M/s Padmavati Investment Ltd as per the Order of Hon'ble High Court at Kolkata dated 18th May, 2006

Names of the Promoters of Padmavati Investment are:

- B.K. Birla Foundation
- Ms. Jayshree Mohta
- Jay Shree Tea & Industries Ltd.
- Aditya Marketing & Manufacturing Ltd.
- Bharat Arogya & Gyan Mandir
- Birla Group Holding Private Ltd.
- Manav Investment & Trading Co. Ltd.

Shareholding Pattern as on 31st March 2007

| Sr No | Name of shareholders | Number of Equity Shares | % of holding |
|-------|--|-------------------------|---------------|
| 1 | M/s Padmavati Investment Ltd | 22,750 | 23.63 |
| 2 | Sushila Birla Memorial Institute | 11,375 | 11.82 |
| 3 | Yash Society | 37,425 | 38.88 |
| 4 | Mr. Yashovardhan Birla | 3,000 | 3.12 |
| 5 | M/s Godavari Corporation Pvt. Ltd | 8,450 | 8.78 |
| 6 | M/s Shearson Investment & Trading Co. Pvt. Ltd | 13250 | 13.77 |
| | Total | 96,250 | 100.00 |

Board of Directors as on March 31, 2007

The Board of Directors comprises of:

| Sr. No | Name | Designation |
|--------|------------------------|-------------|
| 1 | Mr. Yashovardhan Birla | Director |
| 2 | Ms. Avanti Birla | Director |
| 3 | Ms Kusum Singhi | Director |
| 4 | Mr. K.P. Chokhani | Director |



The brief financials are given below:

(Rs in Lacs)

| Particulars | Fiscal 2006 | Fiscal 2005 | Fiscal 2004 |
|--|-------------|-------------|-------------|
| Total Income | 51.83 | 33.18 | 32.96 |
| Profit / (Loss) After Tax | 14.68 | 0.05 | 4.37 |
| Equity Share Capital | 96.25 | 96.25 | 96.25 |
| Reserves & Surplus (excluding revaluation reserve) | 324.73 | 310.04 | 310.00 |
| Share Holders Funds / Net Worth (Rs) | 420.98 | 406.29 | 406.15 |
| NAV per share of FV Rs. 100/- each (Rs.) | 437.38 | 422.12 | 421.97 |
| EPS of FV Rs. 100/- each (Rs.) | 15.26 | 0.02 | 4.54 |

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iv) Godavari Corporations Pvt. Limited

| | | |
|--------------------------|---|---|
| Permanent Account Number | : | AAACG1850D |
| Company Registration No. | : | 11-22398 dated 13 th February 1946 |
| Bank Account Details | : | South Indian Bank, Fort Branch |
| Nature of Business | : | Investment & Finance and Power Generation |

History:

The Company was incorporated in 1946 under the name and style of Godavari Corporation Ltd. under the Indore Companies Act. VII of 1940, Madhya Pradesh. The Company's registered office has been changed from the state of Madhya Pradesh to the state of Maharashtra on 25th March, 1980. The name was changed to Godavari Corporation Pvt. Ltd. on 21st September, 2004. At present the Company is engaged in dealing and trading in shares and securities. The company has also commissioned a wind mill at Karad, Maharashtra which is generating electrical power and transmitting/ distributing the same through the MSEB.

Promoters:

- M/s Shearson Investment & Trading Co. Pvt. Ltd.
- M/s Nirved Traders Pvt. Ltd.
- Yash Society.

Shareholding Pattern as on 31st March 2007

| Sr. No. | Name of the Shareholder | No. of Shares Held | % of Issued Capital |
|---------|---|--------------------|---------------------|
| 1 | Yash Society | 14795 | 34.96 |
| 2 | M/s. Shearson Investment & Trading Co. Pvt. Ltd. | 16600 | 39.23 |
| 3 | M/s. Nirved Trader Pvt. Ltd. | 5645 | 13.34 |
| 4 | Mr. Yashovardhan Birla | 2572 | 6.08 |
| 5 | Mr. Yashovardhan Birla & Ms. Avanti BirlaC/o Birla Industries Group Charity Trust | 1800 | 4.25 |
| 6 | Yashovardhan Birla HUF | 900 | 2.13 |
| 7 | Mr. Arun Singhi | 1 | 0.00 |
| 8 | Ms. Kusum Singhi | 1 | 0.00 |
| | Total | 42314 | 100 |



Board of Directors as on 31st March 2007

The Board of Directors comprises of:

| Sr. No | Name | Designation |
|--------|------------------|-------------|
| 1 | Ms. Avanti Birla | Director |
| 2 | Mr. R.S. Malani | Director |
| 3 | Mr. Arun Singhi | Director |
| 4 | Mr. G.L.Lath | Director |

The brief financials are given below:

(Rs in Lacs)

| Particulars | Fiscal 2006 | Fiscal 2005 | Fiscal 2004 |
|--|-------------|-------------|-------------|
| Total Income | 260.01 | 197.63 | 526.61 |
| Profit / Loss After Tax | -26.99 | -44.99 | 161.43 |
| Equity Share Capital | 42.31 | 42.31 | 42.31 |
| Reserves & Surplus | 4702.25 | 4659.78 | 4,919.32 |
| Share Holders Funds / Net Worth (Rs) | 4744.56 | 4702.09 | 4,961.64 |
| NAV per share of FV Rs. 100/- each (Rs.) | 11213.80 | 11,113.42 | 11,725.75 |
| EPS of FV Rs. 100/- each (Rs.) | - | - | 381.49 |

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(v) Shearson Investment & Trading Company Pvt. Limited

| | | |
|--------------------------|---|---|
| Permanent Account Number | : | AABCS4653H |
| Company Registration No. | : | 11-54227 dated 10 th November 1989 |
| Bank Account Details | : | UCO Bank, Churchgate Reclamation |
| Nature of Business | : | Investment & Finance Co. |

History:

The Company was incorporated in 1989 under the name and style of Shearson Investment & Trading Co. Pvt. Ltd. The Company is carrying on the business of financier and dealing in shares and securities.

Promoters

- Mr. Yashovardhan Birla.
- M/s Godavari Corporation Pvt. Ltd.

Shareholding Pattern as on 31st March 2007

| Sr No | Name of shareholders | Number of Equity Shares | % of holding |
|-------|--------------------------------------|-------------------------|---------------|
| 1 | Mr. Yashovardhan Birla | 7,335 | 55.01 |
| 2 | M/s Godavari Corporation Pvt. Ltd | 5,892 | 44.18 |
| 3 | M/s Birla Global Corporation Limited | 42 | 0.31 |
| 4 | M/s Birla International Ltd. | 66 | 0.49 |
| | Total | 13,335 | 100.00 |



Board of Directors as on 31st March 2007

The Board of Directors comprises of:

| Sr. No | Name | Designation |
|--------|------------------------|-------------|
| 1 | Mr. Yashovardhan Birla | Director |
| 2 | Mr. Arun Jain | Director |
| 3 | Mr. G.L. Lath | Director |
| 4 | Mr. R.P. Todi | Director |

The brief financials are given below:

(Rs in Lacs)

| Particulars | Fiscal 2006 | Fiscal 2005 | Fiscal 2004 |
|---|-------------|-------------|-------------|
| Total Income | 4173.50 | 13.66 | 67.84 |
| Profit / (Loss) After Tax | - | -53.96 | -119.17 |
| Equity Share Capital | 1.33 | 1.00 | 1.00 |
| Reserves & Surplus | 6320.33 | 1217.81 | 1272.17 |
| Share Holders Funds / Net Worth | 6321.66 | 1218.81 | 1273.17 |
| NAV per share of FV Rs. 10/- each (Rs.) | 47531.27 | 12188.10 | 12731.70 |
| EPS of FV Rs. 10/- each (Rs.) | - | - | - |

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Note on Amalgamation of the Promoter Companies

Opus Investment and Trading Company Private Limited and Hallmark Leasors and Distributors Private Limited and Capricorn Leasors and Distributors Private Limited being group companies are merged with Shearson Investment and Trading Company Private Limited. Shearson Investment & Trading Company Private Limited had filed the applications for the amalgamation on 15th September, 2005 and has filed petition under section 394 of The Companies Act, 1956 for sanctioning the scheme of amalgamation. The Honorable High Court, Mumbai on January 20, 2006, approved the scheme of amalgamation.

(vi) Birla Cotsyn (India) Ltd. (Formerly known as Birla Agro Private Limited)

| | | |
|--------------------------|---|---|
| Permanent Account Number | : | AAACJ1362K |
| Company Registration No. | : | 11-3429 dated 24 th September 1941 |
| Bank Account Details | : | Bank of India, Churchgate Branch |
| Nature of Business | : | Cotton Seed Oil |

History:

Originally incorporated in the year 1941 under the name and style of M/s. Jamod Ginning Company Private Limited was renamed in the year 1978 to M/s. Birla Agro Private Limited, on 9th December 2005 the name was change to Birla Cotsyn (India) Pvt. Ltd. and on 30th May, 2006 to Birla Cotsyn (India) Ltd.

Birla Cotsyn (India) Ltd is engaged in ginning and pressing of cotton and manufacturing of cotton seed oil and cake.

Promoters:

- Mr. Yashovardhan Birla
- Yash Society
- Birla Industries Group Charity Trust
- Sunanda Medical Institute
- Nirved Traders Pvt. Ltd.
- Shearson Investment & Trading Co. Ltd.



Shareholding Pattern as on 31st March, 2007

| Sr No | Name of shareholders | Number of Equity Shares | % of holding |
|-------|--|-------------------------|---------------|
| 1 | Mr. Yashovardhan Birla | 1,14,420 | 0.84 |
| 2 | Yash Society | 65,040 | 0.48 |
| 3 | Birla Industries Group Charity Trust | 60,000 | 0.44 |
| 4 | Sunanda Medical Institute | 86,400 | 0.63 |
| 5 | Nirved Traders Pvt. Ltd. | 66,00,000 | 48.46 |
| 6 | Shearson Investment & Trading Co. Ltd. | 66,92,020 | 49.14 |
| 7 | Mr. K.P. Chokhani & Shearson Investment & Trading Co. Pvt. Ltd | 100 | 0.00 |
| 8 | Mr. G.L. Lath & Shearson Investment & Trading Co. Pvt. Ltd. | 100 | 0.00 |
| | Total | 1,36,18,080 | 100.00 |

Board of Directors as on 31st March, 2007

The Board of Directors comprises of:

| Sr. No | Name | Designation |
|--------|------------------------|---------------------|
| 1 | Mr. Yashovardhan Birla | Director |
| 2 | Mr. G.L. Lath | Director |
| 3 | Mr. P.V.R Murthy | Director |
| 4 | Mr. P.B. Bhardwaj | Additional Director |
| 5 | Mr. Alok Bhardwaj | Additional Director |
| 6 | Mr. Sanjay Agarwal | Additional Director |

The brief financials are given below:

(Rs in Lacs)

| Particulars | Fiscal 2006 | Fiscal 2005 | Fiscal 2004 |
|--|-------------|-------------|-------------|
| Total Income | 424.06 | 353.14 | 339.85 |
| Profit / (Loss) After Tax | 46.88 | 5.47 | 11.99 |
| Equity Share Capital | 226.97 | 226.97 | 6.18 |
| Reserves (Excluding Revaluation Reserve) | 1798.35 | 1731.47 | 6.51 |
| Share Holders Funds / Net Worth (Rs) | 2025.32 | 1958.44 | 12.69 |
| NAV per share of FV Rs. 100/- each (Rs.) | *89.23 | 862.75 | 205.32 |
| EPS of FV Rs. 100/- each (Rs.) | *2.06 | 2.41 | 194.04 |

*The shares were subdivided in to Rs.10/- each w.e.f.13th March, 2006.

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Declaration

It is confirmed that the PAN, Bank Account details and Passport Number of **Mr. Yashovardhan Birla** is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Offer Document with them. In respect of corporate promoters, i.e. **Nirved Traders Private Limited, Birla Bombay Pvt. Limited, Asian Distributors Pvt. Limited, Godavari Corporations Pvt. Limited, Shearson Investment & Trading Company Pvt. Limited, Birla Cotsyn (India) Ltd (Formerly known Birla Agro Private Limited)**, their respective PAN, Bank Account details, Company Registration Number and the addresses of the Registrars of Companies where these companies are registered are being submitted to the Stock Exchange, on which Equity Shares are proposed to be listed.



Common Pursuits

There is no common pursuit.

FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:

Neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group / investment companies in DFTL and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Offer Document or proposed to be acquired by it. The promoters are also interested in the company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by the Company.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation to Whole-time Directors" on page 66 of this Offer Document, there are no payment or benefit to promoters of the Company.

RELATED PARTY TRANSACTIONS AS PER THE FINANCIAL STATEMENTS

The details of related party transactions please refer to Annexure XV of the Financial Statement on page 100 of this Offer Document.

CURRENCY OF PRESENTATION

In this Offer Document, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India; all references to "U.S. Dollars" and "US\$" are to legal currency of the United States.

In this Offer Document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The Company has declared and paid dividend @ 8% on its 46,54,935 equity shares capital for the financial year ended March 31, 2006.



SECTION V : FINANCIAL STATEMENTS

We the lead manager to the offer, confirm that all the notes to accounts, significant accounting policies as well as the auditor's qualification have been incorporated.

FINANCIAL INFORMATION OF THE COMPANY

To,
The Board of Directors,
Dagger Forst Tools Limited,
1st Pokhran Road,
Thane - 400 606
Maharashtra

Dear Sirs,

We have examined the financial information of Dagger Forst Tools Limited ('the Company') described below in A and B and annexed to this report and initiated by us for identification. The said financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India - (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ("SEBI") in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarifications. The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

Financial Information as Per Audited Financial Statements:

We have examined the attached "Summary Statement of Profits and Losses, As Restated" (Annexure I) for the Year / Period ended on March 31, 2007 and as at March 31, 2006, June 30, 2005, June 30, 2004, March 31, 2003 and March 31, 2002, and the attached "Summary Statement of Assets and Liabilities, As Restated" of the Company as at March 31, 2007 and as at March 31, 2006, June 30, 2005, June 30, 2004, March 31, 2003 and March 31, 2002 (Annexure II) together referred to as "Restated Summary Statements". The Restated Summary Statements, including the adjustments and regroupings which are more fully described in the note on adjustments appearing in Annexure III to this report have been extracted from the Audited Financial Statements of the Company for the Year / Period ended March 31, 2007 and as at March 31, 2006, June 30, 2005, June 30, 2004, March 31, 2003 and March 31, 2002.

Our examination consisted of:

- i. Auditing the financial statements of the Company for the year ended 31st March, 2007 and comparing the information therein to the information in the 'Summary Statements',
- ii. Comparing the information in the 'Summary Statements', for the Year / Period ended March 31, 2006, June 30, 2005, June 30, 2004, March 31, 2003 and March 31, 2002 with the annual financial statements for those years, except for the period ended March 31, 2006 the financial statements have been audited by other firms of Chartered Accountants and we have relied upon those audited financial statements.
- iii. Auditing the adjustments made to aforesaid financial information to arrive at the as restated amounts in the 'Summary Statements'.

The aforesaid financial statements have been adopted by the Board of Directors and the Members for those respective years and by the Board of Directors for the year ended March 31, 2007.

Based on our examination of these summary statements, we state that:

The restated Assets and Liabilities and Profit and Losses of the Company are subject to our observations vide paragraphs a, b and c below. These results have been arrived at after making adjustments, wherever quantifiable, for Audit Qualifications, Prior Period items, changes in Accounting Policies and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure III.

- a) The company has pursuant to the order dated 4th November 2004, passed by the Hon'ble High Court of judicature at Bombay under the Scheme of Arrangement as per the provisions of section 78, 100, 391 and 394 of the Companies Act, 1956 in its accounts for the period ended 30th June, 2004, as provided under the said Scheme of Arrangement, transferred the amount of Security Premium of Rs.571.56 lacs, Cash Subsidy of Rs.15.00 lacs and Revaluation Reserve of Rs.2370.38 lacs aggregating to Rs.2956.94 lacs to "Reconstruction Reserve Account" and after adjusting / writing off there against the amount of Debit balance of Profit & Loss Account as on 31-03-2003 of Rs.231.82 lacs Miscellaneous Expenditure to the extent not written off as on 31-03-2003 of Rs.150.52 lacs, Impairment in the value of unsaleable / old stock of finished



goods and work-in-progress of Rs. 110.30 lacs, Diminution in the value of Investments other than of temporary nature written off of Rs. 410.16 lacs, Sundry Debtors considered doubtful of recovery written off of Rs. 111.33lacs and Loans & Advances considered doubtful of recovery written off of Rs.243.30 lacs, aggregating to Rs.1257.43 lacs transferred the residuary balance in the Reconstruction Reserve Account of Rs.1699.51 lacs to General Reserve Account. As the impairment in the value of unsaleable / old stock of finished goods and work in progress of Rs 110.30 lacs and sundry debtors considered doubtful of recovery Rs 111.33 lacs has been written off against Reconstruction Reserve Account, adjustment in respect of the same has not been made in the Profit & Loss Account for the year ended 30th June 2004, and since the Revaluation Reserve has been transferred to Reconstruction Reserve Account as per the Scheme of Arrangement as stated herein above, the Revaluation Reserve Account shows 'nil' balance as at 30th June 2004, and hence no adjustment has been made in respect thereof from the value of fixed assets as at 30th June 2004 in the Summary Statement of Assets and Liabilities, As Restated

- b) Cost of finished goods and work in progress is determined by using the retail method whereby the cost is computed by reducing from the sales value of the inventory, the global gross margin which is not as per Accounting Standard AS-2 on "Valuation of Inventories" issued by the Institute of Chartered Accountants of India. The impact of this on the Summary Statement of Profits and Losses, As Restated is not quantifiable.

Other financial Information

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, approved by the Board of Directors and annexed to this report:

Other Selective financial information as at 31st March, 2007. (Annexure IV);

Statement of Cash Flows, As Restated (Annexure V);

Schedule of Secured Loans (Annexure VI);

Schedule of Unsecured Loans (Annexure VII);

Schedule of Investments, As Restated (Annexure VIII);

Schedule of Debtors (Annexure IX);

Schedule of Loans and Advances, As Restated (Annexure X);

Schedule of Other Income, As Restated (Annexure XI);

Statement of Dividend (Annexure XII);

Statement of Capitalization (Annexure XIII);

Summary of Accounting Ratios (Annexure XIV);

Statement of Related Party Transaction (Annexure XV); and

Statement of Segment Reporting (Annexure XVI);

We further state that the statement of Tax Shelter (Annexure XVII) is as examined and certified by the Tax Consultants of the Company, on which we have placed our reliance.

In our opinion, the financial information of the Company attached to this report as mentioned in paragraphs (A) and (B) above, subject to our observations vide paragraph (a) and (b) above, read with respective significant accounting policies and notes as annexed to this report and after making adjustments and re-groupings as considered appropriate; has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Prospectus in connection with the specific Right - cum - Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Chaturvedi & Shah
Chartered Accountants

Sd/-

C D Lala

Partner

Membership No: 35671

Place: Mumbai

Date: 17th July, 2007



Annexure I

SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(Rupees in Lacs)

| | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 | Period Ended 30th June 2005 | Period Ended 31st March 2006 | Year Ended 31st March 2007 |
|--|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| | | | 15 months | 12 months | 9 months | |
| INCOME | | | | | | |
| Sales: | | | | | | |
| Of products manufactured by the Company (net of Excise duty) | 1,459.60 | 1,866.49 | 2,808.20 | 2,735.82 | 2,274.17 | 3,569.18 |
| Of products traded in by the Company | 121.70 | - | - | - | - | - |
| Sub-total | 1,581.30 | 1,866.49 | 2,808.20 | 2,735.82 | 2,274.17 | 3,569.18 |
| Other Income | 70.38 | 116.95 | 75.24 | 41.22 | 16.26 | 144.43 |
| Increase/Decrease in Stock | 42.71 | 34.54 | 84.89 | 44.13 | 29.24 | 117.32 |
| Total | 1,694.39 | 2,017.98 | 2,968.33 | 2,821.17 | 2,319.67 | 3,830.93 |
| EXPENDITURE | | | | | | |
| Purchase of goods traded | 187.16 | - | - | - | - | - |
| Raw materials Consumed | 194.54 | 259.74 | 421.92 | 470.38 | 486.20 | 757.69 |
| Staff Costs | 999.84 | 777.93 | 1,193.11 | 1,096.34 | 823.85 | 1,335.25 |
| Other Manufacturing expenses | 247.84 | 256.03 | 359.20 | 308.24 | 244.70 | 500.89 |
| Administration expenses | 366.11 | 327.34 | 352.27 | 330.08 | 272.98 | 418.57 |
| Selling & Distribution expenses | 68.52 | 55.05 | 55.10 | 44.92 | 29.40 | 60.97 |
| (Write back)/Provision for diminution in value of investments | 407.86 | -1.46 | - | - | - | - |
| Provision for Doubtful advances (net) | 193.96 | 23.27 | - | - | - | - |
| Interest | 265.57 | 247.98 | 257.11 | 155.67 | 142.23 | 300.92 |
| Total operating expenses | 2,931.40 | 1,945.88 | 2,638.71 | 2,405.63 | 1,999.36 | 3,374.29 |
| Profit before depreciation, doubtful advances & extraordinary items | -1,237.01 | 72.10 | 329.62 | 415.54 | 320.31 | 456.64 |
| Gross Depreciation | 179.89 | 141.94 | 371.58 | 303.70 | 139.70 | 264.90 |
| Less: Transfer from Revaluation reserve | 1.04 | 0.74 | - | - | - | - |
| Net Depreciation | 178.85 | 141.20 | 371.58 | 303.70 | 139.70 | 264.90 |
| Net adjusted profit/ (loss) before extraordinary items | -1,415.86 | -69.09 | -41.95 | 111.84 | 180.60 | 191.75 |
| Add: Extraordinary items | 92.00 | 70.46 | - | - | - | - |
| Net adjusted profit/ (loss) after extraordinary items | -1,323.86 | 1.37 | -41.95 | 111.84 | 180.60 | 191.75 |
| Less: Provision for current tax (including Wealth tax) | 24.71 | 2.29 | 6.00 | 17.51 | 24.77 | 35.00 |
| Less: Provision for deferred tax (net) | 20.42 | -127.91 | -130.24 | 60.38 | 30.74 | 32.94 |
| Less : Provision for Fringe Benefit tax | - | - | - | 3.00 | 12.00 | 14.00 |
| Less: Tax Provision for earlier years | - | - | - | - | - | - |
| Effect of adjustments on tax | - | -2.00 | -5.50 | 15.61 | 7.08 | -4.78 |
| Net profit/ (-)loss after taxation & adjustments | -1,368.99 | 128.99 | 87.79 | 15.34 | 106.01 | 114.59 |

Note: The above statement should be read with notes on adjustments and significant accounting policies for restated financial statements as appearing in Annexure III



Annexure II

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rupees in Lacs)

| | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 | Period Ended 30th June 2005 | Period Ended 31st March 2006 | Year Ended 31st March 2007 |
|--|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| | | | 15 months | 12 months | 9 months | |
| A FIXED ASSETS: | | | | | | |
| (i) Gross Block | 3,873.30 | 6,189.55 | 6,228.17 | 6,370.85 | 8,325.04 | 8,804.07 |
| Less: Accumulated Depreciation | 2,566.30 | 2,665.23 | 3,028.62 | 3,325.63 | 3,434.48 | 3,689.41 |
| Net Block | 1,307.00 | 3,524.32 | 3,199.55 | 3,045.22 | 4,890.56 | 5,114.66 |
| Less: Revaluation Reserve | 4.65 | 2,370.38 | * | * | - | - |
| | 1,302.35 | 1,153.94 | 3,199.55 | 3,045.22 | 4,890.56 | 5,114.66 |
| (i) Capital work in Progress | 48.72 | 48.72 | 55.68 | 184.83 | 179.19 | 83.45 |
| Net Block after adjustment | 1,351.07 | 1,202.66 | 3,255.23 | 3,230.05 | 5,069.75 | 5,198.11 |
| B Investments | 46.65 | 48.11 | 44.35 | 44.35 | 44.35 | 44.35 |
| C Current Assets , Loans & Advances: | | | | | | |
| Inventories | 451.68 | 448.12 | 521.94 | 652.57 | 717.56 | 981.50 |
| Sundry Debtors | 783.08 | 758.78 | 512.65 | 543.57 | 596.88 | 904.79 |
| Cash & Bank Balances | 56.95 | 93.51 | 123.45 | 157.26 | 170.84 | 189.59 |
| Loans & Advances | 294.72 | 353.65 | 275.87 | 268.74 | 366.53 | 395.52 |
| | 1,586.43 | 1,654.06 | 1,433.91 | 1,622.14 | 1,851.81 | 2,471.40 |
| A+B+C | 2,984.15 | 2,904.83 | 4,733.49 | 4,896.54 | 6,965.91 | 7,713.86 |
| D Less :Liabilities & Provisions: | | | | | | |
| Secured Loans | 1,167.30 | 1,138.45 | 1,061.30 | 988.22 | 2,102.36 | 2,617.15 |
| Unsecured Loans | 724.85 | 662.59 | 515.41 | 674.48 | 1,223.00 | 1,323.91 |
| Net Deferred Tax liabilities | 318.26 | 190.35 | 60.11 | 120.49 | 151.24 | 184.17 |
| Current Liabilities | 648.10 | 649.48 | 586.91 | 492.61 | 700.65 | 703.85 |
| Provisions | 236.88 | 203.04 | 242.12 | 337.78 | 442.17 | 495.63 |
| | 3,095.39 | 2,843.91 | 2,465.85 | 2,613.58 | 4,619.42 | 5,324.71 |
| Networth (A+B+C - D) | -111.24 | 60.92 | 2,267.64 | 2,282.96 | 2,346.49 | 2,389.15 |
| Represented By: | | | | | | |
| (i) Share Capital | 465.49 | 465.49 | 465.49 | 465.49 | 465.49 | 465.49 |
| Reserves & Surplus | -378.40 | 2,116.33 | 1,802.15 | 1,817.47 | 1,881.00 | 1,943.86 |
| Less: Revaluation Reserve | 4.65 | 2,370.38 | - | - | - | - |
| (ii) Reserves (net of Revaluation Reserve) | -383.05 | -254.05 | 1,802.15 | 1,817.47 | 1,881.00 | 1,943.86 |
| (iii) Less: Misc. Expenditure (to the extent not writtenoff/adjusted) | 193.68 | 150.52 | - | - | - | 20.20 |
| Networth (i + ii - iii) | -111.24 | 60.92 | 2,267.64 | 2,282.96 | 2,346.49 | 2,389.15 |

Note:

* Refer Note no. 4 of Annexure III (B)

** The above statement should be read with notes on adjustments and significant accounting policies for restated financial statements as appearing in Annexure III



Annexure III

I) NOTES ON ADJUSTMENTS AND SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS.

(Rupees in Lacs)

| Particulars | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 | Period Ended 30th June 2005 | Period Ended 31st March 2006 | Year Ended 31st March 2007 |
|--|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| | | | (15 Months) | (12 Months) | (9 Months) | |
| Adjustments [(Income / Expenses) in statement of Profit & Loss arising out of : | | | | | | |
| I) Audit Qualifications | | | | | | |
| a) Non Provision of doubtful loans and advances | 193.96 | 23.27 | - | - | - | - |
| b) Non provision of Diminution in Value of Investments | 407.86 | -1.46 | | | | |
| c) Non Provision Of Taxation for Earlier Year | 26.52 | -26.52 | | | | |
| d) Non Provisions for Deferred Tax Assets | -2.91 | 2.91 | | | | |
| Adjustments [(Income / Expenses) in statement of Profit & Loss arising out of : | | | | | | |
| II) Prior Period items / Excess Provision Written Back | | | | | | |
| a) Staff Cost | -0.38 | 0.03 | -2.55 | - | -0.07 | - |
| b) Other Manufacturing exp | 1.74 | -0.53 | -1.21 | - | - | - |
| c) Administration exp | -2.09 | -12.33 | -6.81 | -0.73 | -0.36 | - |
| d) Selling & Distribution exp | - | 0.05 | -0.26 | - | - | - |
| e) Interest | 0.72 | 0.26 | -1.15 | - | - | - |
| f) DEPRECIATION :- | -1.87 | - | -0.48 | - | - | - |
| g) Other Income | 6.69 | 7.49 | 11.77 | 11.95 | 6.15 | 0.27 |
| h) Provision for current tax (including Wealth tax) | -1.81 | 0.29 | - | - | - | - |
| I) Tax Provision for earlier years | - | 2.15 | -3.02 | - | - | -8.17 |
| j) Effect of Adjustment on tax | - | -2.00 | -5.50 | 15.61 | 15.25 | -4.78 |
| k) Effect of adjustment on Deferred Tax | 0.67 | 0.02 | -1.19 | 0.51 | - | - |
| | 629.10 | -6.37 | -10.40 | 27.34 | 20.97 | -12.68 |
| iii) Adjustments (increase / (decrease) in statement of assets & Liabilities. | | | | | | |
| a) FIXED ASSETS : | | | | | | |
| Accumulated Depreciation | 1.87 | 1.87 | 0.48 | - | - | - |
| b) Investments : | -407.86 | -406.40 | - | - | - | - |
| c) Sundry Debtors | - | - | - | - | - | - |
| d) Loans & Advances: | -193.96 | -217.23 | - | - | - | - |
| | -599.95 | -621.76 | 0.48 | - | - | - |
| e) Net Deferred Tax liabilities : | -2.24 | 0.69 | -0.51 | - | - | - |
| f) Current Liabilities | -9.63 | -14.66 | -16.73 | -5.99 | 0.27 | - |
| g) PROVISIONS | 27.10 | 1.02 | -7.50 | 8.11 | 23.36 | 18.58 |
| h) RESERVES & SURPLUS | -615.17 | -608.82 | 25.21 | -2.12 | -23.09 | -18.58 |
| | -599.94 | -621.77 | 0.47 | - | - | - |



(A) Adjustment relating to Audit Qualification

The Audit qualification made by the Auditors in respect of "Non Provision of Doubtful loans and Advances" and "Diminution in Value of Investments" in the year ended 31st March, 2002 and 31st March, 2003, effect of these have been considered in the year which it originally pertains to in the restated financial statement.

The Audit qualification made by the Auditors in respect of non-provision of current tax and deferred tax assets in the year ended 31st March, 2002. The adjustment for the same has been considered with the corresponding effect to the summary statement of Profit and Losses, as restated.

Adjustment relating to previous years

a) Prior Period items

The Company recorded prior period items in respect of fifteen months period ended 30th June, 2004 and for the year ended 30th June, 2005. For the purpose of this statement the said item have been appropriately adjusted in the years/period that it relates to.

b) Excess provision written back

The company has written back to the profit and loss account provisions made on estimates, which had been provided for in earlier years/period but no longer considered payable. Accordingly the effect of this write back has been considered in the respective years/period in which these provisions were originally recorded with a corresponding reduction in the recorded year/period expenses in the summary statement of Profit and Losses, as restated.

c) Tax earlier years

The Company recorded tax earlier year, which primarily resulted on completion of assessment made by the tax authorities and any difference was recorded as Credit/charge in the financial statements. Accordingly, the effect of these item have been adjusted in the period to which tax related to with a corresponding charge/credit to the recorded period in the summary statement of Profit and Losses, as restated.

Material Regrouping

Rent Have been regrouped as "Other Expenses" from "Manufacturing and Maintenance Expenses" for the year/period ended 31st March, 2002, 31st March 2003, 30th June, 2004 and 30th June, 2005.

Income Tax/Wealth Tax, Fringe Benefit Tax paid in Advance (Net of Provisions) is shown under "Loans & Advance", whereas Provisions of Income Tax/Wealth Tax, Fringe Benefit Tax (Net of Advances) have been shown under "Provisions" for the year/period ended 31st March, 2002, 31st March 2003, 30th June, 2004, 30th June, 2005 and 9 months ended 31st March, 2006.

Current Tax impact of adjustment

Current Tax impact of adjustments pertains to tax effect on restatement adjustment provided at the tax rate applicable in respective years.

(B) Auditors' qualifications for which adjustments could not be carried out in the adjusted financial statements and response of the Company in respect of the same:

1) Year Ended 31st March 2002 and 31st March 2003:

The company has not obtained a prior approval of Financial Institutions in respect of Investments & loans by the company as required u/s 372A(1) of the Companies Act, 1956. However such permission has been obtained during the accounting period ended on 30th June 2004.

2) Year Ended 31st March 2003:

Directors Remuneration of Rs. 56,000/- was subject to Shareholders Approval at the Annual General Meeting was since than approved at the said Annual General Meeting.

3) Year/Period ended 31st March 2002, 31st March 2003, 30th June 2004, 30th June 2005, 31st March 2006 and 31st March 2007.

Cost of Finished goods & goods in process is determined by using retail method whereby the cost is computed by reducing from the sales value of the inventory, the global gross margin which is not as per the Accounting standard 2 on "Valuation of Inventories" issued by the Institute of Chartered Accountants of India. The impact of this on the profit & loss for the year is not quantifiable.



4) Period Ended 30th June 2004:

The company has pursuant to the order dated 4th November 2004, passed by the Hon'ble High Court of judicature at Bombay under the Scheme of Arrangement as per the provisions of section 78, 100, 391 and 394 of the Companies Act, 1956 in its accounts for the period ended 30th June, 2004, as provided under the said Scheme of Arrangement, transferred the amount of Security Premium of Rs.571.56 lacs, Cash Subsidy of Rs.15.00 lacs and Revaluation Reserve of Rs.2,370.38 lacs totaling to Rs.2,956.94 lacs to "Reconstruction Reserve Account" and after adjusting / writing off there against the amount of Debit balance of Profit & Loss Account as on 31-03-2003 of Rs.231.82 lacs, Miscellaneous Expenditure to the extent not written off as on 31-03-2003 of Rs.150.52 lacs, Impairment in the value of un-saleable / old stock of finished goods and work-in-progress of Rs. 110.30 lacs Diminution in the value of Investments other than of temporary nature written off Rs. 410.16 lacs Sundry Debtors considered doubtful of recovery written off of Rs. 111.33 lacs and Loans & Advances considered doubtful of recovery written off Rs.243.31 lacs, totaling to Rs.1,257.43 lacs transferred the residuary balance in the Reconstruction Reserve Account of Rs.1,699.51 lacs, to General Reserve Account. As the impairment in the value of un-saleable / old stock of finished goods and work in progress of Rs 110.30 lacs and sundry debtors considered doubtful of recovery Rs 111.33 lacs has been written off against Reconstruction Reserve Account, adjustment in respect of the same has not been made in the Profit & Loss Account for the year ended 30th June 2004 & since the Revaluation Reserve have been transferred to Reconstruction Reserve Account as per the scheme of arrangement as stated herein above the Revaluation Reserve Account shows nil balance as at 30th June 2004, and hence no adjustment has been made in respect thereof from the value of fixed assets as at 30th June 2004 in the statement of adjusted Assets and Liabilities

(C) Change in Accounting Policy for which adjustments could not be carried out in the adjusted financial statements and response of the Company in respect of the same

1) Period Ended 31st March 2006:

The Company was providing depreciation up to 30.06.2005 on its revalued asset on the basis of rates prescribed under Schedule XIV of the Companies Act, 1956. However, from 01.07.2005 the Company has changed its policy and accordingly the Company has provided depreciation on the remaining useful life of the revalued assets as determined by Chartered Engineers as on 31.03.2003. Accordingly for 27 months i.e. from 01.04.2003 to 30.06.2005, depreciation was charged on the basis of rates prescribed under Schedule XIV and from 01.07.2005 onwards depreciation was charged on the basis of 'remaining useful life' of the revalued assets. Hence it is not possible to ascertain the quantum of difference of depreciation between the rates prescribed under the Schedule XIV of the Companies Act, 1956 and the method in which depreciation provided by the Company for the purpose of recasting of accounts. The impact on the profit & loss account for the period ended 30th June, 2004 and year ended 30th June, 2005 is not quantifiable.

1. ACCOUNTING POLICIES

i) BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956, except for certain fixed assets, which are revalued.

ii) USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting year. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

iii) REVENUE RECOGNITION:

Revenue from the sale of goods is recognized on the passing of title to the customers, which generally coincides with the dispatch.

iv) LEASE TRANSACTIONS:

Lease Rentals from assets taken on lease are accounted for in terms of the guidance note on accounting for leases issued by The Institute of Chartered Accountants of India as the lease agreement were entered in to prior to 1st April 2001.

v) FIXED ASSETS:

Fixed Assets are stated at cost net of Modvat / Cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges of foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalized



vi) DEPRECIATION / AMORTISATION:

- a) Depreciation on Fixed Assets is provided on 'Straight Line Method' in terms of Section 205(2)(B) of the Companies Act, 1956 on the following basis.
 - i) On Fixed Assets installed upto 30th June 1987 - at the rates corresponding to the rates applicable under Income-tax Rules in force at the time of acquisition/purchase of the respective assets.
 - ii) On Fixed Assets installed from 1st July, 1987 onwards - at the rates specified in Schedule XIV to the Companies Act, 1956 as amended from time to time on a prorata basis except revalued assets on which depreciation is provided on the remaining useful life of the assets.
- b) Depreciation on the amount of additions to fixed assets on account of exchange difference is provided over the remaining life of such assets.
- c) Cost of Leasehold land is amortized over a primary period of lease.

vii) BORROWING COST:

Borrowing costs that are attributable to acquisition of qualifying assets are capitalized as part of the total cost of the Assets.

viii) INVESTMENTS:

Long-term investments are stated at cost / book value unless there is diminution other than temporary, in the value of investments, in which case, investments are stated at fair values.

ix) VALUATION OF INVENTORIES:

Inventories are valued as follows:

| | |
|---|--|
| Stores, Spares, etc. | : At Weighted Average Cost |
| Raw Materials, Components, etc. | : At Cost on specific identification or net realizable value whichever is lower. |
| Scrap | : At Estimated Realizable Value |
| Work in Progress & Finished Goods/Finished Jobs | : At Estimated Cost or Net Realizable Value, whichever is lower |

x) FOREIGN CURRENCY TRANSACTIONS:

Transactions arising in foreign currencies are converted at the rates closely approximating the rates ruling on the transaction dates. All monetary assets and liabilities at the year / period end are reinstated at the closing exchange rates. All exchange rate differences arising from conversion in terms of the above are charged to Profit & Loss Account, except for differences arising on account of liabilities for purchase of Fixed Assets, which are capitalized.

xi) EMPLOYEE RETIREMENT BENEFITS:

Company's contribution to Provident Fund is charged to Profit and Loss Account. Gratuity and Leave Encashment Benefit are charged to Profit and Loss Account on the basis of actuarial valuation as at year-end.

xii) PROVISION FOR CURRENT AND DEFERRED TAX:

Provision for current tax is made after taking into consideration benefits under the provisions of the Income tax Act, 1961. Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

xiii) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

xiv) IMPAIRMENT OF FIXED ASSETS:

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price or the value in use determined by the present value of estimated future cash flows.



Annexure IV

OTHER SELECTIVE FINANCIAL INFORMATION AS AT 31 ST MARCH, 2007

(Rs. in Lacs)

| | | For the Period Ended 31 st March 2007 | For the Period Ended 31 st March 2006 |
|---|---|--|--|
| | | 12 MONTHS | 9 MONTHS |
| 1 | Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advance) | 141.09 | 231.49 |
| 2 | Contingent Liabilities: - | | |
| | a) Corporate Guarantees outstanding | 875.00 | 875.00 |
| | b) Disputed Sales Tax, Excise Duty and Income Tax, under appeal | 6.49 | 6.49 |
| | c) Claims against the Company not acknowledged as debts | 4.13 | 4.13 |
| 3 | Future lease rentals on Machine/Equipments under lease finance | 65.37 | 117.75 |

4. **Sundry Creditors for the period ended 31st March, 2007 includes amounts due to small- scale industrial undertakings, which are outstanding for more than 30 days.**

A M Machine Tools, Accumec Machine Tools, Accurate Engineering, Advance Engineering, Ajit Engineering Works, Apidor Abrasives Products Ltd., Balaji Diamond Industry, Balaji Engineering Co, Balzers India Ltd, Chandan Electric Store, Chetak Engineering, Chowdhari Engineering Works, Dhanlaxmi Enterprises, Dress Master Tools, Engineering & Precision Tools, Gaurav Engineering & Fab Works, Gayatri Engg, Harsh Industries, Ion Bond Coating Pvt Ltd, JDT Diamond Tools Pvt Ltd, L G Bal Krishnan Pvt Ltd, Mahav Ratna Packaging, Mangalmurti Engineering Works, Chikalthana, Mattest Laboratory, MGM Industries, Micro Form Tools, Multi purpose Engineering, Nisaka Engineering Pvt Ltd, Omech Engineering Pvt Ltd, Aurangabad, Parag Packaging, Pranshu Electricals, Phoenix Engineering, Rajesh Trading Co., S & V Engineering Works, Shakti Diamond Tools, Sharda Engineering, Shri Samarth Engineering, Shri Shankar Vijay Saw Mill, Sunny Gears, Swift Tools & Machines, Techno Aid Associates, Vishwa Tooling System Pvt Ltd, Vital Tools Aurangabad.

The list of SSI undertakings is determined by the Company on the basis of available information and relied upon by the auditors.

The Company has not received any intimation from "Suppliers" regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to amount unpaid as at the year end together with interest paid/ payable as required under the said Act, have not been given.

5. **Director's Remuneration**

(Rs. in Lacs)

| | 31.03.2007 | 31.03.2006 |
|-----------------------------|--------------|-------------|
| Salary | 10.26 | 1.30 |
| Provident Fund Contribution | 0.82 | 0.12 |
| LTA | 1.05 | — |
| Total: | 12.13 | 1.42 |

6. In the opinion of the Board, Current Assets, Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, unless stated otherwise.



7. Taxes on Income:

(Rs. in Lacs)

| Sl. No. | Particulars | Upto 31.03.2007 | Upto 31.03.2006 |
|---------|--|-----------------|-----------------|
| A. | Deferred Tax Liability | | |
| | Depreciation | 321.10 | 257.70 |
| | TOTAL (A) | 321.10 | 257.70 |
| B. | Deferred Tax Assets | | |
| 1. | Disallowance U/S 43B of Income Tax Act, 1961 | 23.96 | 16.24 |
| 2. | Provision for Gratuity | 106.10 | 90.22 |
| 3. | Voluntary Retirement Scheme Payment | 6.87 | — |
| | TOTAL (B) | 136.93 | 106.46 |
| | Net Deferred Tax Liability | 184.17 | 151.24 |

Deferred Tax assets and liabilities are being offset as they relate to taxes on income levies by the same governing taxation law.

8. Balances of certain lenders, Sundry Creditors, Sundry Debtors and parties to whom Loans & Advances and Deposits made are subject to confirmation and reconciliation.



Annexure V

STATEMENT OF CASHFLOW, AS RESTATED

(Rupees in Lacs)

| PARTICULAR | For the Year Ended 31st March 2002 | For the Year Ended 31st March 2003 | For the Period Ended 30th June 2004 15 Months | For the Period Ended 30th June 2005 12 Months | For the period Ended 31st March 2006 9 Months | For the Year Ended 31st March 2007 |
|---|--|--|---|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | | | |
| Net Profit before Taxation | -1,323.86 | 1.37 | -41.95 | 111.84 | 180.60 | 191.75 |
| Adjustments for : | | | | | | |
| Interest Income | -22.05 | -30.30 | -26.98 | -21.88 | -0.72 | -3.17 |
| Income on sale of development right of land | -92.00 | -70.46 | - | - | - | - |
| Lease Rent | -54.47 | - | - | - | - | - |
| Net lease equalisation fund | 19.25 | - | - | - | - | - |
| Interest Expense | 265.57 | 247.98 | 257.11 | 155.67 | 142.23 | 300.92 |
| Profit/Loss on Sale of Assets | -0.56 | -11.08 | 3.95 | 1.65 | -1.71 | 4.40 |
| Depreciation | 178.85 | 141.20 | 371.58 | 303.70 | 139.70 | 264.90 |
| Rights issue expense written off | 1.97 | 1.97 | - | - | - | - |
| Voluntary Retirement Expenses written off | 45.09 | 47.96 | - | - | - | - |
| Voluntary Retirement Expenses | -225.43 | -14.36 | - | - | - | - |
| Training Expenses for Product Develop. written off | 10.25 | 4.27 | - | - | - | - |
| Training Expenses | -4.44 | - | - | - | - | - |
| Excess provision written back related earlier to 2001-2002 reversed | | | | | | |
| Diminution in value of investments written off | 407.86 | -1.46 | - | - | - | - |
| Doubtful advances written off | 193.96 | 23.27 | - | - | - | - |
| Operating Profit before Working Capital Changes | -565.32 | 343.68 | 563.71 | 550.98 | 460.10 | 758.80 |
| Lease Rental Received | 53.75 | - | - | - | - | - |
| Amount Received on sale of development right of land | 92.00 | 70.46 | - | - | - | - |
| Decrease/ (-)Increase in Trade receivable | 338.04 | -53.05 | 213.63 | -129.12 | -162.84 | -354.97 |
| Decrease/(-)Increase in Inventories | -53.51 | 3.57 | -184.12 | -130.63 | -64.99 | -263.94 |
| Trade payable | -48.46 | -55.02 | -29.77 | 117.23 | 239.51 | 59.99 |
| Cash Generated from Operations | -183.50 | 309.64 | 563.45 | 408.46 | 471.78 | 199.88 |
| Taxes Paid (Net of Refund) | -35.34 | -9.88 | -5.37 | 103.99 | -5.54 | -60.11 |
| Net Cash from Operating Activities | -218.84 | 299.76 | 558.08 | 512.45 | 466.24 | 139.77 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of Fixed Assets | -3.10 | -11.92 | -65.17 | -280.88 | -1,990.53 | -401.10 |
| Proceeds from Sale of Assets | 48.02 | 30.21 | 7.45 | 0.70 | 12.83 | 3.45 |
| Investments | - | - | - | - | - | - |
| Interest Received | 5.91 | 7.92 | 1.04 | 22.03 | 4.61 | 3.30 |
| Fixed Deposit, Savings & Dividend A/cs. | - | - | - | - | - | - |
| Net Cash from Investing Activities | 50.83 | 26.21 | -56.68 | -258.15 | -1,973.09 | -394.35 |



| PARTICULAR | For the Year Ended 31st March 2002 | For the Year Ended 31st March 2003 | For the Period Ended 30th June 2004 15 Months | For the Period Ended 30th June 2005 12 Months | For the period Ended 31st March 2006 9 Months | For the Year Ended 31st March 2007 |
|---|--|--|---|---|---|---|
| | | | | | | |
| C. CASH FLOW FROM FINANCING ACTIVITIES. | | | | | | |
| Proceeds / (-)Repayment long term borrowings | -24.17 | -0.12 | 3.87 | 23.63 | 975.27 | 158.87 |
| Proceeds /(-)Repayment Short term borrowings | -115.31 | -79.14 | -91.42 | -94.26 | 133.54 | 346.68 |
| Proceeds /(-)Repayment Inter corporate deposits | 455.00 | -80.00 | -240.00 | 55.07 | 450.00 | - |
| Proceeds /(-)Repayment other long term borrowings | 18.52 | 68.30 | 103.23 | 101.55 | 81.87 | 64.76 |
| Interest Paid | -229.50 | -198.45 | -247.14 | -306.48 | -120.25 | -253.95 |
| Dividend Paid | | | | | | -43.03 |
| Net Cash from Financing Activities | 104.54 | -289.41 | -471.46 | -220.49 | 1,520.43 | 273.33 |
| Net increase in cash and cash equivalents | -63.46 | 36.56 | 29.94 | 33.81 | 13.58 | 18.75 |
| Cash and Cash equivalents: | | | | | | |
| At the beginning of the year | 120.41 | 56.95 | 93.51 | 123.45 | 157.26 | 170.84 |
| At the end of the year | 56.95 | 93.51 | 123.45 | 157.26 | 170.84 | 189.59 |



Annexure VI

SCHEDULE OF SECURED LOANS

(Rs. in Lacs)

| (A) FROM BANKS: | | | | | | |
|---|-------------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|
| Amount Outstanding as on | 31st March 2002 | 31st March 2003 | 30th June, 2004 | 30th June, 2005 | 31st March, 2006 | 31st March 2007 |
| 1 Cash Credit From Banks Working Capital loan is secured by hypothecation of Stocks, Debts and Second Charge on Fixed Assets. * Working Capital loan is to be secured by hypothecation of Stocks, Debts and Second Charge on Fixed Assets. | 400.83 | 319.51 | 364.73 | 415.02 | 649.02 | *1,167.05 |
| 2 Vehicle Loan From Banks Vehicle Loans are secured by hypothecation of respective vehicles in favour of Banks. | 6.66 | 6.54 | 13.15 | 42.29 | 90.28 | 56.35 |
| Sub-Total | 407.49 | 326.05 | 377.88 | 457.30 | 739.30 | 1,223.40 |
| (B) FROM BANKS/ FINANCIAL INSTITUTIONS: | | | | | | |
| Amount Outstanding as on | 31st March- 2002 | 31st March 2003 | 30th June, 2004 | 30th June, 2005 | 31st March, 2006 | 31st March, 2007 |
| 1 IDBI - Equipment Finance Loan Mortgage of all immovable properties, present and future, and hypothecation of all other fixed assets and moveable assets ranking pari passu with others, subject to prior charges created in favour of the Company's Bankers on Stocks & Book Debts. | 27.65 | 27.50 | 24.75 | 19.25 | 15.12 | 9.62 |
| 2 EXIM Bank Pari passu first charge over the Company's movable fixed assets, present and future, and pari passu second charge over current assets, both present and future of the company. | - | - | - | - | 856.52 | 1,039.43 |
| 3 IDBI-Long term Working Capital Loan Working Capital Term Loan from Bank is secured by way of a pari passu first charge over the Company's movable fixed assets, present and future, and pari passu second charge over current assets, both present and future of the Company. | 732.16 | 784.90 | 658.67 | 511.67 | 401.42 | 254.43 |
| 4 UTI Bank Mortgage, of immovable property situated at Vedant Commercial Complex, Thane | - | - | - | - | 90.00 | 90.27 |
| Sub Total | 759.81 | 812.40 | 683.42 | 530.92 | 1,363.06 | 1,393.75 |
| Total Secured Loans | 1,167.30 | 1,138.45 | 1,061.30 | 988.22 | 2,102.36 | 2,617.15 |



Annexure VII

SCHEDULE OF UNSECURED LOANS

(Rupees in lacs)

| | As at 31st March 2002 | As at 31st March 2003 | As at 30th June 2004 | As at 30th June 2005 | As at 31st March 2006 | As at 31st March 2007 |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | | | 15 Months | 12 Months | 9 Months | |
| Payable to Promoter/ Promoter Group Co.* | 565.00 | 485.00 | 245.00 | 300.07 | 772.05 | 817.42 |
| Maharashtra Energy Development Agency under Package Scheme of Incentive | - | 39.27 | 89.27 | 139.27 | 189.27 | 239.27 |
| From State Industrial & Investment Corpn. of Maharashtra Ltd. (SICOM) (Interest-free). | 86.78 | 115.80 | 169.03 | 220.58 | 252.46 | 267.22 |
| From Bank against Discounting of Bills | 73.07 | 22.52 | 12.11 | 14.56 | 9.22 | - |
| | 724.85 | 662.59 | 515.41 | 674.48 | 1,223.00 | 1,323.91 |
| Note: | | | | | | |
| *Promoter/ Promoter Group Co. consists of : | | | | | | |
| Birla International Pvt. Ltd. | 20.00 | 20.00 | 20.00 | 20.14 | 484.11 | - |
| Nirved Traders Pvt. Ltd. | - | - | - | - | - | 519.79 |
| Godavari Corporation Pvt. Ltd. | 515.00 | 435.00 | 225.00 | 279.93 | 287.94 | 297.63 |
| Zenith Birla (I) Ltd. | 30.00 | 30.00 | - | - | - | - |
| | 565.00 | 485.00 | 245.00 | 300.07 | 772.05 | 817.42 |

* Parties as identified by the Company & relied upon by the Auditors.



Annexure VIII

SCHEDULE OF INVESTMENTS, AS RESTATED

(Rupees in Lacs)

| | As at 31st March 2002 | As at 31st March 2003 | As at 30th June 2004 | As at 30th June 2005 | As at 31st March 2006 | As at 31st March 2007 |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | | | 15 Months | 12 Months | 9 Months | |
| Long term Investments (at cost/book value) | | | | | | |
| Non-Trade (Unquoted): | | | | | | |
| Government Securities: | | | | | | |
| National Savings Certificates (Deposited with Excise Authorities) | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Kisan Vikas Parta (Deposited with Excise Authorities) | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 |
| Companies under the same Management ** | | | | | | |
| Quoted: | | | | | | |
| 24,00,000 Fully Paid up Equity Shares of Rs.2/- each of Birla Leasing & Infrastructure Ltd. | 40.00 | 36.24 | 32.48 | 32.48 | 32.48 | 32.48 |
| 2,24,290 Fully Paid up Equity Shares of Rs. 10/- each of Zenith Birla (I) Ltd. | 6.60 | 11.82 | 11.82 | 11.82 | 11.82 | 11.82 |
| Others: | | | | | | |
| Unquoted: | | | | | | |
| 27,10,000 Fully Paid up Equity Shares of Rs.10/- each of Birla Perucchini Ltd.* | - | - | - | - | - | - |
| Total | 46.65 | 48.11 | 44.35 | 44.35 | 44.35 | 44.35 |
| Book Value | | | | | | |
| a) Aggregate of Quoted Investment | 46.60 | 48.06 | 44.30 | 44.30 | 44.30 | 44.30 |
| b) Aggregate of Unquoted Investment | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
| Market Value | | | | | | |
| a) Aggregate of Quoted Investment | 36.60 | 48.06 | 454.41 | 4184.29 | 4178.13 | 4165.96 |
| b) Aggregate of Unquoted Investment | - | - | - | - | - | - |

Note:

* After considering diminution in value of shares.

**Parties as identified by the Company & relied upon by the Auditors.



Annexure IX

SCHEDULE OF DEBTORS

(Rupees in Lacs)

| | Sundry Debtors | As at 31st March, 2002 | As at 31st March 2003 | As at 30th June 2004 | As at 30th June 2005 | As at 31st March 2006 | As at 31st March 2007 |
|-------------------------------|---|------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | | | 12 Months | 15 Months | 12 Months | | |
| More than 6 months | Considered Good | | | | | | |
| | Receivable from Promoter/ Promoter Group Co. * | - | - | - | - | - | - |
| | Receivable from Others | 264.88 | 212.14 | 199.84 | 90.54 | 95.38 | 142.78 |
| | Considered Doubtful | | | | | | |
| | Receivable from others | 13.96 | 16.42 | 111.16 | 2.07 | - | - |
| | Less: Provision | 13.96 | 16.42 | 2.61 | 2.07 | - | - |
| | Less: Debtors considers doubtful of recovery w/off/ transferred to Reconstruction Reserve A/c ** | - | - | 108.55 | - | - | - |
| | | 264.88 | 212.14 | 91.29 | 90.54 | 95.38 | 142.78 |
| Less than 6 months | Considered Good | | | | | | |
| | Receivable from Promoter/ Promoter Group Co. * | 4.71 | 0.95 | 4.65 | 0.92 | 2.01 | 3.68 |
| | Receivable from Others | 513.49 | 545.69 | 416.71 | 452.11 | 499.49 | 758.33 |
| | Considered Doubtful | | | | | | |
| | Receivable from others | - | - | 2.78 | - | - | - |
| | Less: Provisions | - | - | - | - | - | - |
| | Less: Debtors considers doubtful of recovery w/off/ transferred to Reconstruction Reserve A/c ** | - | - | 2.78 | - | - | - |
| | | 518.20 | 546.64 | 421.36 | 453.03 | 501.50 | 762.01 |
| | Total | 783.08 | 758.78 | 512.65 | 543.57 | 596.88 | 904.79 |

Note:

*Promoter/ Promoter Group Co. consist of:

| | | | | | | |
|-------------------------------|------|------|------|------|------|------|
| Birla International Pvt. Ltd. | 4.71 | 0.95 | 4.65 | 0.87 | 2.01 | 3.68 |
| Zenith Birla India Ltd. | - | - | - | 0.05 | - | - |
| | 4.71 | 0.95 | 4.65 | 0.92 | 2.01 | 3.68 |

*Parties as identified by the Company & relied upon by the Auditors.

** Refer Note no. 6 of Annexure IV.



Annexure X

SCHEDULE OF LOANS & ADVANCES, AS RESTATED

(Rupees in Lacs)

| Particulars | As at 31st March 2002 | As at 31st March 2003 | As at 30th June 2004 | As at 30th June 2005 | As at 31st March 2006 | As at 31st March 2007 |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| | | | 15 Months | 12 Months | 9 Months | |
| Receivable from Promoter/ Promoter Group Co. ** | 58.69 | 59.41 | 63.15 | 58.28 | 54.12 | 122.91 |
| Advance Income Tax (Net of Provision) | 84.68 | 67.15 | 68.33 | 7.34 | 7.34 | 7.61 |
| Fringe Benefit Tax (Net of Provision) | - | - | - | - | - | 2.00 |
| Balance with Central Excise/Custom Authorities | 12.98 | 35.30 | 10.94 | 34.01 | 37.24 | 35.71 |
| Advances recoverable in cash or in kind or for value to be received | 122.95 | 178.90 | 120.15 | 155.65 | 237.46 | 170.73 |
| Deposits | 15.42 | 12.89 | 13.30 | 13.46 | 30.37 | 56.56 |
| | 294.72 | 353.65 | 275.87 | 268.74 | 366.53 | 395.52 |
| Note: | | | | | | |
| Promoter/ Promoter Group Co. consists of : ** | | | | | | |
| Birla International Pvt. Ltd. | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | - |
| Birla Global Corporation | - | - | - | - | - | 62.83 |
| Birla Bombay Pvt. Ltd. | - | - | 0.62 | 0.73 | 0.32 | 1.63 |
| Zenith Birla India Ltd. | 0.30 | 0.65 | 3.69 | - | - | - |
| Birla Kennametal Ltd. * | 0.43 | 1.21 | 1.29 | - | - | - |
| Birla Infrastructure Pvt. Ltd. | 25.43 | 25.02 | 25.02 | 25.02 | 25.02 | 27.02 |
| Birla Peruchini Ltd.* | 6.69 | 6.69 | 6.69 | 6.69 | 2.94 | 5.59 |
| Nirved Traders Pvt. Ltd. | 0.84 | 0.84 | 0.84 | 0.84 | 0.84 | 25.84 |
| | 58.69 | 59.41 | 63.15 | 58.28 | 54.12 | 122.91 |

* After considering effect of write off.

** Parties as identified by the Company & relied upon by the Auditors.



Annexure XI

OTHER INCOME, AS RESTATED

(Rupees in Lacs)

| Particulars | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 | Period Ended 30th June 2005 | Period Ended 31st March 2006 | Year Ended 31st March 2007 |
|--|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|----------------------------------|
| | | | 15 Months | 12 Months | 9 Months | |
| RECURRING | | | | | | |
| MISC. Income (Net) | 4.53 | 15.07 | 15.77 | 7.32 | 3.52 | 6.42 |
| Interest from Banks & Other | 22.05 | 30.30 | 26.98 | 21.88 | 0.72 | 1.82 |
| DEPB entitlement against exports | 6.39 | 30.14 | 22.27 | 12.02 | 4.57 | 2.29 |
| Lease Rent | 35.23 | - | - | - | - | - |
| Exchange Difference Gain (Net) | 1.62 | 1.55 | - | - | 0.61 | - |
| Sales Tax and Excise duty Incentive | - | - | - | - | 5.13 | 109.07 |
| Sundry debit/Credit Balance written back | - | 28.24 | 9.45 | - | - | 23.48 |
| NON RECURRING | | | | | | |
| Profit on Sale of Stores & Raw material | - | 0.57 | 0.77 | - | - | - |
| Profit on Sale of Fixed Assets | 0.56 | 11.08 | - | - | 1.71 | - |
| Dividend | - | - | - | - | - | 1.35 |
| TOTAL | 70.38 | 116.95 | 75.24 | 41.22 | 16.26 | 144.43 |

Note:

- 1) Detail of Other Income is as per summary statement of Profit & Losses, as restated
- 2) The Classification of other income by the management into recurring and non-recurring is based on the current operations and business activities of the company.

Annexure XII

STATEMENT OF DIVIDEND

| Particulars | Year ended 31-Mar-02 | Year ended 31-Mar-03 | Period ended 30-Jun-04 | Period ended 30-Jun-05 | Period ended 31-Mar-06 | Period ended 31-Mar-07 |
|--|-------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | | | 15 months | 12 months | 9 months | 12 months |
| Equity shares | | | | | | |
| Number of shares | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 |
| Face value (Rs.) | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- |
| Paid-up value (Rs.) | 10/- | 10/- | 10/- | 10/- | 10/- | 10/- |
| Rate of dividend | - | - | - | - | 8% | 8% |
| Total dividend (Rs in lacs) | - | - | - | - | 37.24 | 37.24 |
| Corporate dividend tax on above (Rs in lacs) | - | - | - | - | 5.22 | 6.33 |



Annexure XIII

STATEMENT OF CAPITALISATION

(Rupees in Lacs)

| Particulars | Pre issue as at 31st March 2007 | Post issue |
|-------------------------------------|------------------------------------|-----------------|
| Borrowings : | | |
| Short term Debts (Note 1) | 2,416.48 | 2,416.48 |
| Long term Debts | 1,524.58 | 1,524.58 |
| Total Debts | 3,941.06 | 3,941.06 |
| Shareholders Funds: | | |
| Share Capital | 465.49 | * |
| Reserves & Surplus | 1,962.44 | * |
| Total Shareholders' Funds | 2,427.93 | * |
| Long term Debt/ Equity ratio | 0.62:1 | * |

Notes:

1. Debts maturing within next one year from 31st March, 2007 are considered as short term debts.
2. *Post Issue Capitalisation will be determined after finalization of issue price.

Annexure XIV

SUMMARY OF ACCOUNTING RATIOS

(Rupees in Lacs)

| PARTICULARS | For the Year Ended 31st March 2002 | For the Year Ended 31st March 2003 | For the Period Ended 30th June 2004 | For the Period Ended 30th June 2005 | For the period Ended 31st March 2006 | For the period Ended 31st March 2007 |
|---|---|---|---|---|--|--|
| | | | 15 Months | 12 Months | 9 Months | 12 Months |
| 1 EARNINGS PER SHARE (EPS) | | | | | | |
| Net Profit after Tax | -1,368.99 | 128.99 | 87.79 | 15.34 | 106.01 | 114.59 |
| No. of Equity shares | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 |
| EARNINGS PER SHARE (EPS) | -29.41 | 2.77 | 1.89 | 0.33 | 2.28 | 2.46 |
| ANNUALISED EARNING PER SHARE (EPS) | -29.41 | 2.77 | 1.51 | 0.33 | 3.04 | 2.46 |
| 2 NET ASSETS VALUE (NAV) | | | | | | |
| Net Assets | -111.24 | 60.92 | 2,267.64 | 2,282.96 | 2,346.49 | 2,389.15 |
| No. of Equity shares | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 | 4,654,935 |
| NAV PER SHARE | -2.39 | 1.31 | 48.71 | 49.04 | 50.41 | 51.33 |
| 3 RETURN ON NET WORTH | | | | | | |
| Net Profit after Tax | -1,368.99 | 128.99 | 87.79 | 15.34 | 106.01 | 114.59 |
| Net Worth | -111.24 | 60.92 | 2,267.64 | 2,282.96 | 2,346.49 | 2,389.15 |
| RETURN ON NET WORTH | -12.31 | 2.12 | 0.04 | 0.01 | 0.05 | 0.05 |

1. The ratios have been computed as per the following formula:
 - a) Earning per Equity Share :- (Adjusted Net Profit after tax)/ (weighted average number of Equity shares). The figure of Fifteen months period 30th June 2004 and nine months period ended 31st March 2006 have been annualised.
 - b) Net Asset Value :- (Adjusted Net assets after reduction of miscellaneous expenditure not written off)/ (weighted average number of equity shares).
 - c) Return on Net Worth :- (Adjusted Net Profit After Tax /Adjusted Equity Share holders fund after reduction of Miscellaneous expenditure not written off at the end of the year/period)
2. Net Profit, as restated and appearing in the statement of Profit & Losses has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial statements of the company.
3. Earning per share calculations have been done in accordance with the Accounting Standard - 20 "Earning Per Share" issued by the Institute of Chartered Accountants of India.



Annexure XV

STATEMENT OF RELATED PARTY TRANSACTIONS

| | Where control exists: | For the year ended 31st March, 2002 | For the year ended 31st March, 2003 | For the period ended 30th June, 2004 | For the year ended 30th June, 2005 | For the period ended 31st March, 2006 | For the year ended 31 st March, 2007 |
|-----|-----------------------|---|--|---|---|---|--|
| (A) | Associate Companies: | Birla Perucchini Ltd. | Birla Perucchini Ltd. | Birla Perucchini Ltd. | Birla Perucchini Ltd. | Birla Perucchini Ltd. | Birla Perucchini Ltd. |
| | | Birla International Pvt. Ltd. | Birla Bombay Pvt. Ltd. | Birla Bombay Pvt. Ltd. | Birla Bombay Pvt. Ltd. | Birla Bombay Pvt. Ltd. | Birla Bombay Pvt. Ltd. |
| | | Birla Kennametal Ltd. | Birla International Pvt. Ltd. | Birla International Pvt. Ltd. | Birla International Pvt. Ltd. | Birla International Pvt. Ltd. | Birla International Pvt. Ltd. |
| | | Scimitar Investment & Trading Co. Pvt. Ltd. | | Birla Electrical Ltd. | Birla Electrical Ltd. | Birla Electrical Ltd. | Birla Electrical Ltd. |
| | | Viking Travels Pvt. Ltd. | Birla Kennametal Ltd. | Birla Kennametal Ltd. | Birla Kennametal Ltd. | Birla Kennametal Ltd. | Birla Kennametal Ltd. |
| | | Zenith Ltd. | Birla Capital & Financial Services Ltd. | Birla Capital & Financial Services Ltd. | Birla Capital & Financial Services Ltd. | Birla Capital & Financial Services Ltd. | Birla Leasing & Infrastructure Ltd (Previously known as Birla Capital & Financial Services Ltd.) |
| | | | Godavari Corporation Pvt. Ltd. (Previously known as Scimitar Investment & Trading Co. Pvt. Ltd.) | Godavari Corporation Pvt. Ltd. | Birla Power Solutions Ltd. | Birla Power Solutions Ltd | Birla Power Solutions Ltd |
| | | | Viking Travels Pvt. Ltd. | Viking Travels Pvt. Ltd. | Shloka Infotech Ltd. | Godavari Corporation Pvt. Ltd. | Godavari Corporation Pvt. Ltd. |
| | | | Zenith Ltd. | Zenith Ltd. | Godavari Corporation Pvt. Ltd. | Viking Travels Pvt. Ltd. | Viking Travels Pvt. Ltd. |
| | | | | | Viking Travels Pvt. Ltd. | Zenith Birla (India) Ltd (Previously known as Zenith Ltd) | Zenith Birla (India) Ltd |
| | | | | | Zenith Ltd. | Shloka Infotech Ltd | Shloka Infotech Ltd |
| | | | | | | Birla Global Corporates Ltd | Birla Global Corporates Ltd |
| | | | | | | Nirved Traders Pvt Ltd | Nirved Traders Pvt Ltd |
| | | | | | | Birla Infrastructure Pvt Ltd | Birla Infrastructure Pvt Ltd |
| | | | | | | (Gentronics Leasors & Disct Pvt Ltd) | (Gentronics Leasors & Disct Pvt Ltd) |
| | | | | | | Asian Distribtors Pvt Ltd | Asian Distribtors Pvt Ltd |
| | | | | | | | Shloka Software Pvt. Ltd. |
| | | | | | | | Shloka Peripherals Pvt.Ltd |



| | Where control exists: | For the year ended 31st March, 2002 | For the year ended 31st March, 2003 | For the period ended 30th June, 2004 | For the year ended 30th June, 2005 | For the period ended 31st March, 2006 | For the year ended 31 st March, 2007 |
|-----|----------------------------------|-------------------------------------|---|---|---|--|--|
| (B) | Key Management Personnel: | Mr. Yashovardhan Birla (Chairman) | Mr. Yashovardhan Birla (Chairman) | Mr. Yashovardhan Birla (Chairman) | Mr. Yashovardhan Birla (Chairman) | Shri G.L.lath (Executive Director & Company Secretary) | Shri G.L.lath (Executive Director & Company Secretary) |
| | | Mr. U.S.Sethia (Director) | Mrs. Avanti Birla (Director) | Mrs. Avanti Birla (Director) | Mrs. Avanti Birla (Director) | | |
| | | | Mr. U.S.Sethia (Director) | Mr. U.S.Sethia (Director) | Mr. U.S.Sethia (Director) | | |
| | | | Mr. D.K.Agarwal (Additional Director) | Mr. Vijay Agarwal (Director) | Mr. Arun Jain (Director) | | |
| | | | Mr. Vijay Agarwal (Additional Director) | Mr.D.K.Agarwal (Director) (upto 12th June, 2004) | Mr. Vijay Agarwal (Director) | | |
| | | | Mr. Paul Marbaix (Ex-Officio Director) | Mr.Paul Marbaix (Director) (upto 17th October, 2003) | Mr. Shishir Dalal (Additional Director from 28/01/2005) | | |
| | | | Dr.G.Krueger (Alternate Director) | Dr. G. Krueger (Alternate Director) (upto 17th October, 2003) | | | |
| | | | | Mr. Arun Jain (Additional Director) (from 20th August, 2004) | | | |

Transactions with Related Parties during the year/Period

(Rs. In Lacs)

| Particulars | | Related Parties referred in (A) above | Related Parties referred in (B) above |
|---------------------|---------|---------------------------------------|---------------------------------------|
| Purchases: | | | |
| Goods and materials | 2006-07 | 33.60 | |
| | 2005-06 | 24.17 | |
| | 2004-05 | 24.93 | — |
| | 2003-04 | 32.17 | — |
| | 2002-03 | 22.64 | — |
| | 2001-02 | 5.80 | — |
| Sales: | | | |
| Goods and materials | 2006-07 | 4.22 | |
| | 2005-06 | 2.56 | |
| | 2004-05 | 6.63 | — |
| | 2003-04 | 11.83 | — |
| | 2002-03 | 11.16 | — |
| | 2001-02 | 2.65 | — |



| Particulars | | Related Parties referred in (A) above | Related Parties referred in (B) above |
|--------------------------------|---------|--|--|
| Machinery | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | — | — |
| | 2003-04 | — | — |
| | 2002-03 | 0.15 | — |
| | 2001-02 | 0.71 | — |
| Expenses: | | | |
| Rent and Other Services | 2006-07 | 29.25 | |
| | 2005-06 | 1.96 | |
| | 2004-05 | 24.95 | — |
| | 2003-04 | 3.23 | — |
| | 2002-03 | 19.20 | — |
| | 2001-02 | 20.76 | — |
| Interest | 2006-07 | 58.50 | |
| | 2005-06 | 11.15 | |
| | 2004-05 | 17.30 | — |
| | 2003-04 | 53.49 | — |
| | 2002-03 | 71.84 | — |
| | 2001-02 | 60.08 | — |
| Directors Fees | 2006-07 | — | — |
| | 2005-06 | — | — |
| | 2004-05 | — | 0.10 |
| | 2003-04 | — | 0.12 |
| | 2002-03 | — | 0.08 |
| | 2001-02 | - | 0.04 |
| Directors Remuneration | 2006-07 | | 12.13 |
| | 2005-06 | | 1.41 |
| | 2004-05 | — | — |
| | 2003-04 | — | 1.61 |
| | 2002-03 | — | 0.56 |
| | 2001-02 | - | - |
| Air Tickets / Foreign Exchange | 2006-07 | 23.45 | |
| | 2005-06 | 18.53 | |
| | 2004-05 | 20.12 | — |
| | 2003-04 | 31.57 | — |
| | 2002-03 | 15.26 | — |
| | 2001-02 | 11.87 | — |
| Telephone / Fax | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | — | — |
| | 2003-04 | — | — |
| | 2002-03 | 0.27 | — |
| | 2001-02 | 0.02 | — |



| Particulars | | Related Parties referred in (A) above | Related Parties referred in (B) above |
|-------------------------------------|---------|--|--|
| Travelling Expenses | 2006-07 | 5.58 | |
| | 2005-06 | 0.95 | |
| | 2004-05 | 0.73 | — |
| | 2003-04 | — | — |
| | 2002-03 | — | — |
| | 2001-02 | — | — |
| Electricity | 2006-07 | 47.85 | |
| | 2005-06 | 24.32 | |
| | 2004-05 | 40.25 | — |
| | 2003-04 | 50.55 | — |
| | 2002-03 | 25.04 | — |
| | 2001-02 | 0.50 | — |
| Liaison Service Charges | 2006-07 | 0.17 | |
| | 2005-06 | 2.15 | |
| | 2004-05 | 4.64 | — |
| | 2003-04 | 3.14 | — |
| | 2002-03 | 2.06 | — |
| | 2001-02 | 2.98 | — |
| Lease Rent on Assets taken on Lease | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | — | — |
| | 2003-04 | 1.00 | — |
| | 2002-03 | 10.27 | — |
| | 2001-02 | -- | — |
| Hire Purchase Charges | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | — | — |
| | 2003-04 | — | — |
| | 2002-03 | 0.13 | — |
| | 2001-02 | 0.84 | — |
| Corporate Office Expenses | 2006-07 | — | |
| | 2005-06 | 18.00 | |
| | 2004-05 | — | |
| | 2003-04 | — | |
| | 2002-03 | — | |
| | 2001-02 | — | |
| R.M. Testing Charges | 2006-07 | — | |
| | 2005-06 | 0.53 | |
| | 2004-05 | — | |
| | 2003-04 | — | |
| | 2002-03 | — | |
| | 2001-02 | — | |



| Particulars | | Related Parties referred in (A) above | Related Parties referred in (B) above |
|---|---------|--|--|
| Sundry Expenses | 2006-07 | 1.94 | |
| | 2005-06 | — | |
| | 2004-05 | — | |
| | 2003-04 | — | |
| | 2002-03 | — | |
| | 2001-02 | — | |
| Reimbursement of Expenses | 2006-07 | 1.87 | |
| | 2005-06 | — | |
| | 2004-05 | — | |
| | 2003-04 | — | |
| | 2002-03 | — | |
| | 2001-02 | — | |
| Income : | | | |
| Rent & Other Services | 2006-07 | 0.53 | |
| | 2005-06 | — | |
| | 2004-05 | 0.87 | — |
| | 2003-04 | 6.49 | — |
| | 2002-03 | 1.72 | — |
| | 2001-02 | 0.52 | — |
| Interest | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | — | — |
| | 2003-04 | — | — |
| | 2002-03 | 23.27 | — |
| | 2001-02 | 20.78 | — |
| Lease Rent on Assets given on Lease | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | 0.27 | — |
| | 2003-04 | — | — |
| | 2002-03 | — | — |
| | 2001-02 | 44.58 | — |
| Canteen & Mess Expenses | 2006-07 | 0.68 | |
| | 2005-06 | 1.40 | |
| | 2004-05 | 2.30 | — |
| | 2003-04 | — | — |
| | 2002-03 | — | — |
| | 2001-02 | — | — |
| Advances and Loan taken /repayment | | | |
| Advance for Issue of Shares | 2006-07 | — | |
| | 2005-06 | 450.00 | |
| | 2004-05 | — | |
| | 2003-04 | — | |
| | 2002-03 | — | |
| | 2001-02 | — | |



| Particulars | | Related Parties referred in (A) above | Related Parties referred in (B) above |
|------------------------------------|---------|--|--|
| Temporary Advance | 2006-07 | 67.83 | |
| | 2005-06 | 3.78 | |
| | 2004-05 | — | |
| | 2003-04 | — | |
| | 2002-03 | — | |
| | 2001-02 | — | |
| Inter-corporate Deposit received | 2006-07 | 750.07 | |
| | 2005-06 | - | |
| | 2004-05 | 162.18 | — |
| | 2003-04 | - | — |
| | 2002-03 | - | — |
| | 2001-02 | 500.00 | — |
| Inter-Corporate Deposits Repayment | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | 110.00 | — |
| | 2003-04 | 240.00 | — |
| | 2002-03 | 80.00 | — |
| | 2001-02 | — | — |
| Outstandings: | | | |
| Payable | 2006-07 | 411.51 | |
| | 2005-06 | 412.51 | |
| | 2004-05 | 84.33 | — |
| | 2003-04 | 487.55 | — |
| | 2002-03 | 188.47 | — |
| | 2001-02 | 116.23 | — |
| Receivable | 2006-07 | 132.16 | |
| | 2005-06 | 59.65 | |
| | 2004-05 | 50.32 | — |
| | 2003-04 | 51.93 | — |
| | 2002-03 | 153.85 | — |
| | 2001-02 | 111.16 | — |
| Inter-Corporate Deposits given | 2006-07 | — | |
| | 2005-06 | — | |
| | 2004-05 | — | — |
| | 2003-04 | — | — |
| | 2002-03 | 92.73 | — |
| | 2001-02 | 92.73 | — |
| Inter-Corporate Deposits taken | 2006-07 | 750.07 | |
| | 2005-06 | 750.07 | |
| | 2004-05 | 300.07 | — |
| | 2003-04 | 245.00 | — |
| | 2002-03 | 485.00 | — |
| | 2001-02 | 565.00 | — |



| Particulars | | Related Parties referred in (A) above | Related Parties referred in (B) above |
|------------------------|---------|--|--|
| Security Deposit given | 2006-07 | 25.00 | |
| | 2005-06 | 25.00 | |
| | 2004-05 | 25.00 | — |
| | 2003-04 | 25.00 | — |
| | 2002-03 | 25.00 | — |
| | 2001-02 | 25.00 | — |

Note:

1. Related Party relationships are identified by the Company based on available information & relied upon by the Auditors.
2. An amount of Rs.2,43,30,555/- in respect of Loans and Advances, including interest due from related parties and an amount of Rs.4,10,15,692/- being the diminution in the value of investments other than of temporary nature in respect of investment in the equity shares of related parties has been written off during the period ended 30th June, 2004 under the scheme of arrangement passed by the Honourable High Court of Mumbai.



Annexure XVI

STATEMENT OF SEGMENT REPORTING

The Company is engaged in manufacturing of cutting tools besides trading business. As per Accounting Standard AS-17 "Segment Reporting", these have been considered as the only reportable business segments.

The composition of business segment are:-

| Name of Segment | Comprise of |
|------------------|---|
| a) Manufacturing | Various Cutting Tools - Broaches, Rolls, Gauges, Slitting Saws, Gear Hobs, Shaper Cutters, Shaving Cutters, Index Plates, Master Gears, Spline Mandrels & Broach Sharpening Machines. |
| b) Trading | Mild Steel Products |

There are no inter-segment revenues.

Segment Reporting

(Rupees in Lacs)

A] Primary Segment:

| | For the Year Ended 31st March 2002 | | |
|---|------------------------------------|---------------|-----------------|
| | Manufacturing | Trading | Total |
| Revenue: | | | |
| Segment Revenue | 1,675.61 | 121.70 | 1,797.31 |
| Less: Excise Duty | 216.01 | - | 216.01 |
| | 1,459.60 | 121.70 | 1,581.30 |
| Result: | | | |
| Segment Result | -386.92 | -65.46 | -452.38 |
| Less: Unallocable expenditure net of unallocable income (Interest Expenses) | 264.85 | - | 264.85 |
| Profit before Taxation | -651.77 | -65.46 | -717.23 |
| Less: Provision for Income Tax | - | - | - |
| Less: Tax provision for earlier years | - | - | - |
| (Less)/ Add: Deferred Tax (liability)/ credit | -22.66 | - | -22.66 |
| Net Profit | -674.43 | -65.46 | -739.89 |
| Capital Employed: | | | |
| Segment Assets | 3,560.76 | 20.78 | 3,581.54 |
| Segment Liabilities | 2,732.45 | 24.64 | 2,757.09 |
| Net Segment Assets | 828.31 | -3.86 | 824.45 |

During the year ended 31st March 2003, period ended 30th June 2004 (15 months) year ended 30th June 2005, (9 months) ended 31st March, 2006 and year ended 31st March, 2007 the Company has not done any Trading business. Hence there are no separate reportable segments as the operations are related to one segment viz. manufacturing. As the company has operated only in a single primary business segment, i.e. manufacturing, no segment information thereof is given.



B] Secondary segment – Geographical Customers

(Rs. in lacs)

| | For the Year Ended 30th June 2005 | For the Period Ended 30th June 2004 | For the Year Ended 31st March 2003 | For the Year Ended 31st March 2002 |
|---|---|---|--|--|
| | 12 Months | 15 Months | | |
| Segment Revenue: | | | | |
| In India | 2,932.10 | 2,954.14 | 1,894.91 | 1,663.37 |
| Outside India | 194.70 | 263.76 | 227.48 | 133.94 |
| Total: | 3,126.80 | 3,217.90 | 2,122.39 | 1,797.31 |
| Net Carrying Cost of Assets by location of Assets: | | | | |
| In India | 2,254.47 | 2,276.07 | 801.76 | 805.35 |
| Outside India | 30.61 | 29.46 | 57.64 | 19.10 |
| Total: | 2,285.08 | 2,305.53 | 859.40 | 824.45 |

For the Period ended 31st March 2006 and 31st March 2007

The company is mainly engaged in the manufacturing of cutting tools and as such there is no primary segment as per the requirement of Accounting Standard-17 issued by Institute of Chartered Accountants of India. The Company operates within and outside India. Revenue from outside India for the 9 months ended 31st March, 2006 and year ended 31st March, 2007 are insignificant hence, the secondary segment information is not given.



Annexure XVII

Statement of Tax Shelter

(Rupees in Lacs)

| Particulars | | Year ended 31.03.2002 | Year ended 31.03.2003 | Period ended 30.6.2004 | Period ended 30.6.2005 | Period ended 31.3.2006 | Year ended 31.03.07 |
|--|------------------|--------------------------|--------------------------|------------------------------|------------------------------|------------------------------|------------------------|
| | | | | 15 Months | 12 Months | 9 Months | |
| Profit before current and deferred taxes, as restated | A | -1,323.86 | 1.37 | -41.95 | 111.84 | 180.60 | 191.75 |
| Adjustments : | | | | | | | |
| Permanent Differences | | | | | | | |
| Diminution in Value of Investments | | 407.86 | -1.46 | - | - | - | - |
| Disallowance of Employers & Employees Cont to PF, FPF & ESIC Etc. | | 14.46 | 16.45 | 0.12 | 0.09 | 0.12 | - |
| Provision for diminution in Loans & Advances | | 193.96 | 23.27 | - | - | - | - |
| Other Adjustments | | 0.07 | - | - | 0.03 | - | 0.90 |
| Total | B | 616.35 | 38.26 | 0.12 | 0.12 | 0.12 | 0.90 |
| Temporary Differences | | | | | | | |
| Difference between tax depreciation and book depreciation | | 14.83 | 20.30 | @ 238.31 | @ 142.23 | @ -70.60 | -168.52 |
| Net Disallowable / (Allowable) expenses u/s 43B of the I.Tax Act. | | 53.68 | -46.88 | * 7.33 | ** 3.00 | *** -7.46 | 8.80 |
| Loss / (-) Profit on sale of Fixed Assets | | -92.56 | -81.55 | 3.24 | 1.45 | -1.71 | 4.40 |
| Deferred Revenue Expenses W/Off | | 5.81 | 4.27 | 1.48 | -47.96 | -47.96 | 3.45 |
| Disallowance u/s 40(a)(ia) | | - | - | 3.02 | 0.06 | 12.94 | 2.50 |
| Provision for Doubtful Debts / Advances net of | | 13.96 | 4.46 | - | - | - | - |
| Other Adjustments | | - | - | 2.19 | - | 1.79 | - |
| Provision for Gratuity/ (w / back of gratuity) | | 136.58 | -11.71 | 41.17 | 48.19 | 25.41 | 44.12 |
| Total | C | 132.30 | -111.11 | 296.74 | 146.97 | -87.59 | -105.25 |
| Business Profit / Loss | D= A+B +C | -575.21 | -71.48 | 254.91 | 258.93 | 93.13 | 87.40 |
| Capital Gains | E | 138.25 | 70.46 | - | - | - | - |
| TOTAL INCOME | F= D-E | -436.96 | -1.02 | 254.91 | 258.93 | 93.13 | 87.40 |
| Set-off of brought forward unabsorbed losses/ depreciation /long term capital loss | G | - | - | -254.91 | -162.02 | - | - |



| Particulars | | Year ended 31.03.2002 | Year ended 31.03.2003 | Period ended 30.6.2004 | Period ended 30.6.2005 | Period ended 31.3.2006 | Year ended 31.03.07 |
|-------------------------------|-------------------|--------------------------|--------------------------|------------------------------|------------------------------|------------------------------|------------------------|
| | | | | 15 Months | 12 Months | 9 Months | |
| Taxable Profit | H= F-G | -436.96 | -1.02 | - | 96.91 | 93.13 | 87.40 |
| Tax Liability | | - | - | - | 32.62 | 31.35 | 29.42 |
| Tax as per P/L A/c | | - | 2.00 | 5.50 | 17.01 | 24.27 | 34.20 |
| Adjusted Tax Provision | | - | -2.00 | -5.50 | 15.61 | 7.08 | -4.78 |

* As per return of income for assessment year 2004-2005

**As per return of income for assessment year 2005-2006

***As per return of income for assessment year 2006-2007

@ worked out on proportionate basis

Note: The above Statement excludes capital Losses which company has /is eligible to carry forward and set off.



FINANCIAL INFORMATION OF THE GROUP COMPANIES

LISTED GROUP COMPANIES:-

(i) BIRLA TRANSASIA CARPETS LTD

Birla Transasia was incorporated in the year 1979 with manufacturing facilities located at Sikandrabad in Uttar Pradesh. The products of the company include carpets of different styles like DVD, galaxy, prime, luxury, top notch, renaissance and astral.

Board of Directors as on 31st March, 2007:

| Sr. No | Name | Designation |
|--------|-----------------------|-------------|
| 1. | Mr. Arun Singhi | Director |
| 2. | Mr. Rameshwar Singh | Director |
| 3. | Mr. R.S. Juneja | Director |
| 4. | Mr. Purshottam Sharma | Director |

Shareholding Pattern as on 31st March 2007

| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|--|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (A) | Shareholding of Promoter & Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals/Hindu Undivided Family | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Central Government/ State Government | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Body Corporate | 7 | 1730497 | 0 | 61.04 | 61.04 |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 7 | 1730497 | 0 | 61.04 | 61.04 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non Resident/Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Body Corporate | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 7 | 1730497 | 0 | 61.04 | 61.04 |
| (B) | Public Shareholding Institutions | | | | | |
| (a) | Mutual Funds/UTI | 1 | 5550 | 0 | 0.20 | 0.20 |
| (b) | Financial Institutions /Bank | 2 | 400 | 0 | 0.01 | 0.01 |
| (c) | Central Government /State Government | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 1 | 26132 | 0 | 0.92 | 0.92 |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 4 | 32082 | 0 | 1.13 | 1.13 |



| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|---|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (2) | Non Institutions | | | | | |
| (a) | Body Corporate | 28 | 23600 | 0 | 0.83 | 0.83 |
| (b) | Individuals | | | | | |
| | i Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh | 6457 | 663500 | 0 | 23.40 | 23.40 |
| | ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh | 11 | 307250 | 0 | 10.85 | 10.85 |
| (c) | Any Other (Specify) | | | | | |
| | Clearing Members | 1 | 78100 | 0 | 2.75 | 2.75 |
| | Sub Total (B)(2) | 6497 | 1072450 | 0 | 37.82 | 37.82 |
| | Total (B)(2) Total Public Shareholding (B)=(B)(1)+(B)(2) | 6501 | 1104532 | 0 | 38.96 | 38.96 |
| | Total (A) + (B) | 6508 | 2835029 | 0 | 100.00 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipt have been issued | 0 | 0 | 0 | 0.00 | 0.00 |
| | Grand Total(A)+(B)+(C) | 6508 | 2835029 | 0 | 100.00 | 100.00 |

This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance:

(Rs. in Lacs)

| Particulars | Unaudited Results (12 Months ended) | For the Financial year Ended March 31 st | | |
|--|-------------------------------------|---|----------|-----------|
| | | 31 st March 2007 | 2006 | 2005 |
| Share Capital | 283.83 | 283.83 | 283.83 | 283.83 |
| Reserves (Excluding Revaluation Reserve) | -2952.59 | -2706.93 | -2448.53 | -2185.36 |
| Net Worth | -2668.85 | -2423.19 | -2164.70 | -1,901.53 |
| Total Income | 294.73 | 412.22 | 482.80 | 333.50 |
| PAT | -245.66 | -258.40 | -263.17 | -252.93 |
| EPS (Per Share) (Rs.) | | - | - | - |
| NAV Per Share (Rs.) | | - | - | - |

The stock market data of the company for the last six months is as under:

| Month | High (Rs.) | Low (Rs.) | No. of Shares Traded | Net Turnover (Rs. In Lacs) |
|---------------|------------|-----------|----------------------|----------------------------|
| June 2007 | N.A. | N.A. | N.A. | N.A. |
| May 2007 | N.A. | N.A. | N.A. | N.A. |
| April 2007 | N.A. | N.A. | N.A. | N.A. |
| March 2007 | N.A. | N.A. | N.A. | N.A. |
| February 2007 | 97.90 | 97.90 | 200 | 0.19 |
| January 2007 | N.A. | N.A. | N.A. | N.A. |

(Source: www.bseindia.com)



Other Details:

| | |
|---|------|
| Public or rights Issue in the preceding three years | No |
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | Yes* |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

* The Company has been declared a Sick Industrial Company within the meaning of clause (O) of the sub section (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial & Financial Reconstruction (BIFR) in its meeting held on 28.06.99 and registered as case no. 43/99 with the Board. The Company has been directed by the BIFR for submission of Draft Rehabilitation Scheme (DRS) for its consideration and approval in its meeting held on 26.09.05. The Company has submitted DRS scheme to operating agency Punjab National Bank (PNB) and PNB has submitted DRS to BIFR and awaiting final order of Hon'ble BIFR.

The company has not constituted investor grievance committee since the paid up capital of the company is less than Rs. 300 lacs.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

(Rs. In Lacs)

| Particulars | Amount Dues as on 31.03.07 |
|----------------|----------------------------|
| Provident Fund | 54.21 |
| ESI | 8.00 |
| Excise Duty | 11.94 |
| Sales Tax | 291.53 |

(ii) BIRLA KENNAMETAL LTD

The Company was incorporated in the year 1986. BKL was a joint venture between Birlas and Kennametal Inc, USA. On July 04, 2007, M/s Shearson Investment & Trading Co. Pvt. Ltd., one of the Indian Promoters of Birla Kennametal Ltd. has acquired entire stake i.e. 14,20,000 Equity Shares representing 44.38% of total paid up capital from M/s Kennametal Inc, USA, foreign promoter of the Company at Rs. 155 per Equity Share. Post acquisition, shareholding of Indian Promoters has increased to 88.48%.

The plant is situated at Aurangabad in Maharashtra. Products manufactured are wide range of precision AT 3 class rotating tool holders, Machine tools and Accessories.

Board of Directors as on 31st March, 2007

| Sr. No | Name | Designation |
|--------|-----------------------|-------------|
| 1 | Mr Yashovardhan Birla | Chairman |
| 2 | Mr Kumar Kanetkar | Director |
| 3 | Mr Arun Jain | Director |
| 4 | Dr William R Correa | Director |
| 5 | Mr. Shailesh Sheth | Director |



Shareholding Pattern as on 31st March 2007

| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|--|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (A) | Shareholding of Promoter & Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals/Hindu Undivided Family | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Body Corporate | 4 | 1411240 | 1178940 | 44.101 | 44.101 |
| (d) | Financial Institutions/Banks | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 4 | 1411240 | 1178940 | 44.101 | 44.101 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non Resident/Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Body Corporate | 1 | 1420000 | 0 | 44.375 | 44.375 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 1 | 1420000 | 0 | 44.375 | 44.375 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 5 | 2831240 | 1178940 | 88.476 | 88.476 |
| (B) | Public Shareholding Institutions | | | | | |
| (a) | Mutual Funds/UTI | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Financial Institutions /Bank | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) | Non Institutions | | | | | |
| (a) | Body Corporate | 56 | 12830 | 12030 | 0.401 | 0.401 |
| (b) | Individuals i Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh | 1897 | 336741 | 261633 | 10.523 | 10.523 |
| | ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh | 1 | 11298 | 11298 | 0.353 | 0.353 |
| (c) | Any Other (Specify) | | | | | |
| | Trust | 3 | 120 | 120 | 0.004 | 0.004 |
| | Non Resident Indians | 9 | 6666 | 6666 | 0.208 | 0.208 |
| | Clearing Members | 3 | 245 | 245 | 0.008 | 0.008 |
| | Directors | 2 | 860 | 0 | 0.027 | 0.027 |
| | Sub Total (B)(2) | 1971 | 368760 | 291992 | 11.524 | 11.524 |
| | Total (B)(2) Total Public Shareholding (B) = (B) (1) + (B) (2) | 1971 | 368760 | 291992 | 11.524 | 11.524 |
| | Total (A) + (B) | 1976 | 3200000 | 1470932 | 100.00 | 100.00 |



| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|---|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (C) | Shares held by Custodians and against which Depository Receipt have been issued | 0 | 0 | 0 | 0.00 | 0.00 |
| | Grand Total(A)+(B)+(C) | 1976 | 3200000 | 1470932 | 100.00 | 100.00 |

This Company does not comply with clause 40A of the Listing Agreement

Brief Financial Performance:

(Rs. in Lacs)

| Particulars | Unaudited Results (9 Months ended) | For the Financial year Ended March 31 st | | |
|--|---------------------------------------|--|----------|----------|
| | | December 31, 2006 | 2006 | 2005 |
| Share Capital | 320.00 | 320.00 | 320.00 | 320.00 |
| Reserves (Excluding Revaluation Reserve) | 646.53 | 646.53 | 464.14 | 322.64 |
| Net Worth | 966.53 | 966.53 | 784.14 | 642.64 |
| Total Income | 1772.16 | 1535.12 | 1,416.79 | 1,038.64 |
| PAT | 437.05 | 226.18 | 189.53 | 106.44 |
| EPS (Per Share) (Rs.) | 13.66 | 7.07 | 5.92 | 3.33 |
| NAV Per Share (Rs.) | 30.20 | 30.20 | 24.50 | 20.08 |

The stock market data of the company for the last six months is as under:

| Month | High (Rs.) | Low (Rs.) | No. of Shares Traded | Net Turnover (Rs in Lacs) |
|---------------|---------------|--------------|----------------------|------------------------------|
| June 2007 | 218.00 | 205.00 | 153920 | 394.06 |
| May 2007 | 218.70 | 179.00 | 62167 | 120.54 |
| April 2007 | 204.00 | 161.50 | 35640 | 64.82 |
| March 2007 | 191.95 | 162.00 | 49110 | 85.15 |
| February 2007 | 235.00 | 178.00 | 18657 | 37.46 |
| January 2007 | 261.90 | 204.05 | 65057 | 151.83 |

Source: (www.bseindia.com)

Other Details:

| | |
|---|----|
| Public or rights Issue in the preceding three years | No |
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | No |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iii) ZENITH BIRLA (INDIA) LTD

Zenith Birla (India) Limited (ZBIL) was incorporated on 5th August, 1960 to manufacture Steel Pipes at Khopoli, Maharashtra. ZBIL has presently two divisions viz. Pipes Division at Khopoli and Tools Division at Nashik and Aurangabad.

Promoters:

- Mr. Yashovardhan Birla
- Birla International Pvt. Ltd.



- Godavari Corporation Pvt. Ltd.
- Birla Bombay Pvt. Ltd.
- Shearson Investments & Trading Co. Pvt. Ltd.
- Asian Distributors Ltd.
- Yash Society
- Birla Industries Group Charity Trusts (Medical & Educational)

NOTE ON SCHEME OF ARRANGEMENT OF ZENITH BIRLA (INDIA) LIMITED

Zenith Birla (India) Limited has entered into a Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956. This scheme of arrangement is presented for the purpose of :

1. Transfer of Chemical Division of Zenith Birla (India) Limited to Nipur Chemicals Limited
2. Transfer of Textiles Division of Zenith Birla (India) Limited to Khamgaon Syntex Limited

The whole of the undertaking of the chemical division and textile division of Zenith as a going concern and all its assets and liabilities immediately before the appointed date i.e. 01st January, 2005 and the employees of Zenith engaged in or in relation to the chemical division and textile division immediately before the appointed date shall be transferred to and vested in or be deemed to be transferred to and vested in Nipur Chemicals Ltd. and Khamgaon Syntex Ltd. respectively.

In consideration for the transfer, Nipur Chemicals Ltd. shall allot to Zenith 0% 6,50,000 Debentures of Rs.100/- each redeemable within a period of 30 days from the Effective Date.

In consideration for the transfer, Khamgaon Syntex Ltd. being wholly owned subsidiary of Zenith Birla (India) Ltd. shall allot 6% 6,90,440 Debentures of Rs.100/- each redeemable within a period 7 years or mutually agreeable date from the Effective Date.

The Hon'ble High Court of Judicature of Mumbai vide its order dated 12th August, 2005, has approved the above scheme of arrangement.

Reasons for separating the Zenith's chemical division and textile division:

1. Zenith is engaged in the business of manufacturing of pipes and tools, which is profit making. It also has two other divisions viz. chemical division and textile division.
2. Chemical division has been making losses on account of sluggish market conditions. Textile division with 18,000 Spindles is not an economical size and is not a core business for Zenith.
3. The losses of chemical division were adversely affecting profits of Zenith. Hence the Company proposes to transfer chemical division to Nipur.
4. After the scheme is sanctioned, Khamgaon Syntex Limited being wholly owned subsidiary of Zenith will take over textile division and Nipur will take over chemical division of Zenith.
5. By virtue of present scheme of arrangement, Zenith intends to concentrate on its core business i.e. manufacturing of pipes and tools.
6. The implementation of scheme would result in the operations being more economical, efficient, cost effective and simplify the operations and management of Zenith.
7. To separate the diversified activities under the separate Companies and to carry out the same in a more professional manner.
8. The vesting of chemicals division and textile division to Nipur and Khamgaon is in interest of the shareholder, creditors, stakeholders and employees of petitioner Company as it would enable focused business approach for maximization of benefit to all stakeholders in future.

Board of Directors as on 31st March 2007

| Sr. No | Name | Designation |
|---------------|-----------------------|---------------------|
| 1 | Mr Yashovardhan Birla | Chairman |
| 2 | Mr Arun Jain | Executive Director |
| 3 | Mr D.V. Kapur | Director |
| 4 | Mr Augustine P Kurias | Director |
| 5 | Mr. Aniruddha Barwe | Director |
| 6 | Mr. Sanjay Budhia | Additional Director |



Shareholding Pattern as on 30th June 2007

| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|---|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (A) | Shareholding of Promoter & Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals/Hindu Undivided Family | 18 | 192371 | 0 | 0.48 | 0.48 |
| (b) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Body Corporate | 12 | 9691831 | 9666923 | 24.19 | 24.19 |
| (d) | Financial Institutions/Banks | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 33 | 9884202 | 9666923 | 24.67 | 24.67 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non Resident/Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Body Corporate | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 30 | 9884202 | 9666923 | 24.67 | 24.67 |
| (B) | Public Shareholding/Institutions | | | | | |
| (a) | Mutual Funds/UTI | 10 | 3296 | 477 | 0.01 | 0.01 |
| (b) | Financial Institutions /Bank | 46 | 405939 | 370801 | 1.01 | 1.01 |
| (c) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 1 | 1600000 | 1600000 | 3.99 | 3.99 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 57 | 2009235 | 1971278 | 5.01 | 5.01 |
| (2) | Non Institutions | | | | | |
| (a) | Body Corporate | 452 | 12279546 | 12267912 | 30.64 | 30.64 |
| (b) | Individuals | | | | | |
| | i Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh | 69,820 | 6,352,981 | 4,863,316 | 15.85 | 15.85 |
| | ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh | 59 | 8,532,149 | 8,532,149 | 21.29 | 21.29 |
| (c) | Any Other (Specify) | | | | | |
| | Clearing Members | 77 | 501,071 | 501,071 | 1.25 | 1.25 |
| | Non Resident Indians | 186 | 81,861 | 79,387 | 0.20 | 0.20 |
| | Directors – Non Promoter | 1 | 360,144 | 360,144 | 0.90 | 0.90 |
| | Trust | 8 | 71,355 | 71,355 | 0.18 | 0.18 |
| | Sub Total (B)(2) | 70,603 | 28,179,107 | 26,675,334 | 70.32 | 70.32 |
| | Total (B)(2)Total Public Shareholding(B)=(B)(1)+(B)(2) | 70,660 | 30,188,342 | 28,646,612 | 75.33 | 75.33 |
| | Total (A) + (B) | 70,690 | 40,072,544 | 38,313,535 | 100.00 | 100.00 |



| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|---|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (C) | Shares held by Custodians and against which Depository Receipt have been issued | 0 | 0 | 0 | 0.00 | 0.00 |
| | Grand Total(A)+(B)+(C) | 70,690 | 40,072,544 | 38,313,535 | 100.00 | 100.00 |

This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance:

(Rs. in Lacs)

| Particulars | Unaudited Results (9 Months Ended) 31.12.2006 | 31.03.2006 (12 Months) | 31.03.2005 (18 Months) | 30.09.2003 (15 Months) |
|--|---|---------------------------|---------------------------|---------------------------|
| Share Capital | 4007.00 | 1,625.44 | 1,384.25 | 1,384.25 |
| Reserves (Excluding Revaluation Reserve) | 4813.00 | 4,813.00 | 3,858.24 | 150.67 |
| Net Worth | 8820.00 | 6,438.44 | 5,242.49 | 1,534.92 |
| Total Income | 27853.00 | 31,159.83 | 56,283.83 | 42,963.31 |
| PAT | 1204.00 | 1,031.50 | 489.37 | (258.20) |
| EPS (Rs.) | 6.94 | 6.35 | 3.53 | - |
| NAV Per Share (Rs.) | 22.01 | 39.61 | 37.84 | 11.09 |

The stock market data of the company for the last six months is as under:

| Month | High (Rs.) | Low (Rs.) | No. of Shares Traded | Net Turnover (Rs in Lacs) |
|---------------|---------------|--------------|-------------------------|---------------------------------|
| June 2007 | 35.60 | 30.90 | 689543 | 244.80 |
| May 2007 | 39.60 | 32.20 | 1399040 | 497.97 |
| April 2007 | 36.00 | 29.85 | 1337195 | 445.71 |
| March 2007 | 40.30 | 29.40 | 2820624 | 923.65 |
| February 2007 | 51.95 | 36.20 | 5091201 | 2255.75 |
| January 2007 | 52.00 | 37.10 | 9282827 | 4260.16 |

(Source: www.bseindia.com)

Other Details:

| | |
|---|------|
| Public or rights Issue in the preceding three years | *Yes |
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

The company has a Shareholders' / Investors' Grievances Committee to redress the complaints of the shareholders in respect of the matters pertaining to transfer of shares, non-receipt of annual report, dematerialisation of shares etc. The Committee comprises of 2 members namely Mr Arun Jain, & Mr A.P. Kurias. The Committee functions under the chairmanship of Mr A.P. Kurias.

*The Company has come out with a follow-on Public Issue of 2,38,18,182 Equity Shares of Rs.10/- each offered at a fixed price of Rs.55/- per share (including a premium of Rs.45/- per share) aggregating to Rs.13,100 Lacs to finance its expansion



project, working capital requirements and to meet the issue expenses. The said issue was opened for subscription on 16th October, 2006 and closed on 20th October, 2006. The issue was fully subscribed and the basis of allotment was finalized in consultation with the Bombay Stock Exchange Ltd. and the new equity shares were listed on BSE with effect from 21st November, 2006.

The objects of the issue were:

1. Setting up additional facilities for manufacture of Mechanical tubes
2. Working Capital (existing business)
3. Margin Money for Working Capital (Mechanical tube Business)
4. To meet the issue expenses.

FUND REQUIREMENT

The total fund requirement is detailed below:

| Sr. No. | Description | (Rs. In lacs) |
|---------|--|---------------|
| 1 | Mechanical Tube Project | 8822 |
| 2 | Preliminary & Pre Operative Expenses | 150 |
| 3 | Contingency | 221 |
| 4 | Working Capital (existing business) | 2150 |
| 5 | Margin Money for Working Capital (mechanical tube) | 557 |
| 6 | Public Issue Expenses | 1200 |
| | Total | 13100 |

MEANS OF FINANCE

| Sr. No. | Description | (Rs. In lacs) |
|---------|---|---------------|
| 1 | Promoters Participation in Public Issue | 2500 |
| 2 | Proceeds from the Public Issue | 10600 |
| | Total | 13100 |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company other than as given in the statement of legal cases

(iv) BIRLA POWER SOLUTIONS LTD (FORMERLY BIRLA YAMAHA LTD)

Birla Power Solutions Limited was originally incorporated as Birla Yamaha Limited on 27th April, 1984 and received the Certificate of Commencement of Business on 2nd May, 1984 under Companies Act, 1956. The name of the company was changed to Birla Power Solutions Limited w.e.f. December 04, 2003.

The Company is presently producing a wide range of generators, multi-purpose engines, invertors/batteries, sprayers, water pumps etc. Birla Power Solutions Ltd. was the first Company to roll out self start gensets and recently became the first Company to launch emission compliant generators under the brand name - BIRLA ECOGEN.

Board of Directors as on 31st March, 2007:

| Sr. No | Name | Designation |
|--------|------------------------|-------------|
| 1 | Mr Yashovardhan Birla | Chairman |
| 2 | Mr Yogendra P. Trivedi | Director |
| 3 | Mr Rajesh V Shah | Director |
| 4 | Mr P.V.R Murthy | Director |
| 5 | Mr Manish Malani | Director |



Shareholding Pattern as on 30th June, 2007

| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|--|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (A) | Shareholding of Promoter & Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals/Hindu Undivided Family | 4 | 200800 | 0 | 0.84 | 0.84 |
| (b) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Body Corporate | 5 | 4367632 | 4367632 | 18.38 | 18.38 |
| (d) | Financial Institutions/Banks | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 9 | 4568432 | 4367632 | 19.22 | 19.22 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non Resident/Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Body Corporate | 1 | 1120000 | 0 | 4.71 | 4.71 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 1 | 1120000 | 0 | 4.71 | 4.71 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 10 | 5688432 | 4367632 | 23.94 | 23.94 |
| (B) | Public Shareholding/Institutions | | | | | |
| (a) | Mutual Funds/UTI | 2 | 400 | 0 | 0.00 | 0.00 |
| (b) | Financial Institutions /Bank | 11 | 321700 | 319550 | 1.35 | 1.35 |
| (c) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 6 | 1200 | 0 | 0.01 | 0.01 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 19 | 323300 | 319550 | 1.36 | 1.36 |
| (2) | Non Institutions | | | | | |
| (a) | Body Corporate | 473 | 3148428 | 1860277 | 13.25 | 13.25 |
| (b) | Individuals | | | | | |
| | i Individuals ShareholdersHolding nominal share capital up to Rs. 1 lakh | 40259 | 12854501 | 12153626 | 54.09 | 54.09 |
| | ii Individuals ShareholdersHolding nominal share capital in excess of Rs. 1 lakh | 38 | 1269125 | 1257875 | 5.34 | 5.34 |
| (c) | Any Other (Specify) | | | | | |
| | Trust | 5 | 775 | 775 | 0.00 | 0.00 |
| | Non Resident Indians | 447 | 479695 | 479495 | 2.02 | 2.02 |
| | Sub Total (B)(2) | 41222 | 17752524 | 15752048 | 74.70 | 74.70 |
| | Total (B)(2)Total Public Shareholding(B)=(B)(1)+(B)(2) | 41241 | 18075824 | 16071598 | 76.06 | 76.06 |
| | Total (A) + (B) | 41251 | 23764256 | 20439230 | 100.00 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipt have been issued | | | | | |
| | | 0 | 0 | 0 | 0.00 | 0.00 |
| | Grand Total(A)+(B)+(C) | 41251 | 23764256 | 20439230 | 100.00 | 100.00 |



This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance

(Rs. in Lacs)

| | *Unaudited Results (15 Months Ended) 31.12.2006 | 30.09.2005 (12 Months) | 30.09.2004 (18 Months) |
|--|--|-----------------------------------|-----------------------------------|
| Share Capital | 2376.57 | 1048.25 | 1,048.25 |
| Reserves (Excluding Revaluation Reserve) | 4639.62 | 4639.62 | 4526.68 |
| Net Worth | 7016.19 | 5687.87 | 5574.93 |
| Total Income | 19168.21 | 9218.33 | 10705.53 |
| PAT | 779.76 | 208.55 | 175.48 |
| EPS (Per Share) (Rs.) | 3.28 | 1.99 | 1.67 |
| NAV Per Share (Rs.) | 29.52 | 54.26 | 53.19 |

* **NOTE:-** The financial year ending for the fiscal 2005-06 has been extended from September 06 to March 07 and permission for the same has been granted by RoC.

The stock market data of the company for the last six months is as under:

| Month | High (Rs.) | Low (Rs.) | No. of Shares Traded | Net Turnover (Rs in Lacs) |
|---------------|---------------|--------------|-------------------------|------------------------------|
| June 2007 | 26.95 | 26.05 | 2695469 | 817.69 |
| May 2007 | 29.00 | 26.10 | 720735 | 195.77 |
| April 2007 | 29.70 | 25.80 | 845548 | 231.13 |
| March 2007 | 30.25 | 25.50 | 894251 | 243.73 |
| February 2007 | 35.70 | 28.25 | 1227272 | 391.79 |
| January 2007 | 35.50 | 31.35 | 2076527 | 691.72 |

(Source: www.bseindia.com)

Other Details:

| | |
|---|------|
| Public or rights Issue in the preceding three years | Yes* |
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | No |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

* In April 2006 Birla Power Solutions Limited came out with a public issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32 per share (i.e. issue price of Rs. 42/- per share) aggregating to Rs. 5040 Lacs vide the prospectus dated March 08, 2006. The issue opened on March 24, 2006 and closed on March 29, 2006.

The main objects of the issue were:

- To finance the cost of expansion of the capacities of the existing products of the company viz. Diesel Genset, Multi Purpose Engines, Alternators and Fuel Tank
- To finance the setting up of a new plant for manufacturing LPG/CNG Gensets, Inverter, Engines and Acoustic Hoods
- To meet the margin money for working capital requirement
- To meet the expense of the issue



The funding requirement and means of finance are given below:

FUNDS REQUIREMENT

(Rs. In lacs)

| Sr. No. | Particulars | Amount |
|---------|-------------------------------------|----------------|
| 1. | Factory Building | |
| | Site Development | 100.00 |
| | Building & Civil work | 920.52 |
| 2. | Purchase of Assets | |
| | Plant & Machinery | 1,818.19 |
| | Misc. Fixed Assets | 496.70 |
| 3. | Preliminary & Preoperative Expenses | 102.10 |
| 4. | Contingencies | 333.54 |
| 5. | Issue Expenses | 350.00 |
| 6. | Margin Money for Working Capital | 918.95 |
| | Total | 5040.00 |

MEANS OF FINANCE

(Rs. In lacs)

| Sr. No. | Particulars | Amount |
|---------|----------------------------|----------------|
| 1. | Proceeds from Public Issue | 5040.00 |
| | Total | 5040.00 |

(vi) **BIRLA LEASING & INFRASTRUCTURE LIMITED:** (formerly known as Birla Capital and Financial Services Ltd.)

The company was originally incorporated in the name of Dolphin International Limited on 7th May, 1985 and further fresh certificate of incorporation was obtained on 3rd December, 2001 in the name of Birla Capital and Financial Services Limited. Name of the company was further changed to Birla Leasing & Infrastructure Ltd. on 30th June, 2006. The Company is carrying the business of Hire purchase & leasing. The Company is also into the business of advancing loans, inter-corporate deposits & investments.

Board of Directors as on 31st March, 2007

| Sr. No | Name | Designation |
|--------|--------------------|--------------------|
| 1 | Mr. Arun Singhi | Executive Director |
| 2 | Mr. K. P. Chokhani | Director |
| 3 | Mr. G.L. Lath. | Director |
| 4 | Mr. B. L. Varma | Director |
| 5 | Mr. Ashok Parmar | Director |



Shareholding Pattern as on 30th June, 2007

| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|--|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (A) | Shareholding of Promoter & Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals/Hindu Undivided Family | 9 | 834200 | 600 | 2.14 | 2.14 |
| (b) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Body Corporate | 6 | 27854300 | 27854300 | 71.31 | 71.31 |
| (d) | Financial Institutions/Banks | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 15 | 28688500 | 27854900 | 73.45 | 73.45 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non Resident/Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Body Corporate | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 15 | 28688500 | 27854900 | 73.45 | 73.45 |
| (B) | Public ShareholdingInstitutions | | | | | |
| (a) | Mutual Funds/UTI | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Financial Institutions /Bank | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) | Non Institutions | | | | | |
| (a) | Body Corporate | 148 | 2146120 | 2146120 | 5.49 | 5.49 |
| (b) | Individuals | | | | | |
| | i Individuals ShareholdersHolding nominal share capital up to Rs. 1 lakh | 2075 | 3591208 | 3585708 | 9.19 | 9.19 |
| | ii Individuals ShareholdersHolding nominal share capital in excess of Rs. 1 lakh | 95 | 4273812 | 3359312 | 10.94 | 10.94 |
| (c) | Any Other (Specify) | | | | | |
| | Clearing Members | 26 | 231357 | 231357 | 0.59 | 0.59 |
| | Non Resident Indians | 14 | 129003 | 129003 | 0.33 | 0.33 |
| | Sub Total (B)(2) | 2358 | 10371500 | 9451500 | 26.55 | 26.55 |
| | Total (B)(2)Total Public Shareholding(B)=(B)(1)+(B)(2) | 2358 | 10371500 | 9451500 | 26.55 | 26.55 |
| | Total (A) + (B) | 2373 | 39060000 | 37306400 | 100.00 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipt have been issued | | | | | |
| | | 0 | 0 | 0 | 0.00 | 0.00 |
| | Grand Total(A)+(B)+(C) | 2373 | 39060000 | 37306400 | 100.00 | 100.00 |



This Company complies with clause 40A of the Listing Agreement

Brief Financial Performance:

(Rs. In lacs)

| Particulars | Unaudited Results (15 Months Ended) 31.12.2006 | Year ended Sept 30, 2005 | Year ended March 31, 2004 | Year ended March 31, 2003 |
|--|--|-----------------------------|------------------------------|------------------------------|
| Share Capital | 781.20 | 781.20 | 781.20 | 781.20 |
| Reserves (Excluding Revaluation Reserve) | 81.24 | 81.24 | 61.92 | 86.13 |
| Net Worth | 862.44 | 862.44 | 841.51 | 865.73 |
| Total Income | 72.32 | 81.36 | 70.90 | 153.48 |
| PAT | 31.30 | 20.93 | -24.21 | 9.27 |
| EPS (Per Share) (Rs.) | 0.08 | 0.27 | - | 0.12 |
| NAV Per Share (Rs.) | 11.04 | 11.04 | 10.77 | 11.08 |

Since the financial year of the company has been changed from September to march, the audited results will be available for the period 1.10.05 to 31.3.07 after the year ends.

The stock market data of the company for the last six months is as under:

| Month | High (Rs.) | Low (Rs.) | No. of Shares Traded | Net Turnover (Rs in Lacs) |
|---------------|---------------|--------------|-------------------------|------------------------------|
| June 2007 | 3.95 | 3.72 | 571055 | 23.95 |
| May 2007 | 4.02 | 3.02 | 454393 | 16.00 |
| April 2007 | 4.29 | 3.65 | 1098733 | 44.49 |
| March 2007 | 5.83 | 3.65 | 1533711 | 65.29 |
| February 2007 | 9.69 | 4.00 | 5902383 | 406.83 |
| January 2007 | 5.04 | 2.50 | 17,58,036 | 66.59 |

(Source: www.bseindia.com)

Other Details:

| | |
|---|-----|
| Public or rights Issue in the preceding three years | No |
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

There are no defaults in meeting any statutory/bank/institutional dues except details given in Legal and Other Informations. No proceedings have been initiated for economic offences against the Company

(vii) SHLOKA INFOTECH LIMITED

Originally incorporated in the year 1992 under the name and style of M/s. Rathi Mercantile & Management Services Limited as per the Companies Act, 1956 and was further renamed in the year 2002 to Shloka Infotech Limited. Presently, M/s. Shloka Infotech Limited is dealing in hardware and software items.

Shloka Infotech Limited has received an approval from the Bombay Stock Exchange Limited on 2nd July 2007 for a Scheme of Amalgamation between Shloka Infotech and other six companies, inter alia, Shloka Academy Pvt. Ltd., Shloka Graphics Pvt. Ltd., Shloka Peripheral Pvt. Ltd., Shloka Finance Consultancy Pvt. Ltd., Shloka Software Pvt. Ltd., and Shloka Publication Pvt. Ltd.

Promoters:

- Birla International Pvt. Ltd.
- Birla Bombay Pvt. Ltd.
- Godavari Corporation Pvt. Ltd.
- Asian Distributors Ltd.



- Birla Capital & Financial Services Ltd.
- Mr. K.P. Chokhani

Board of Directors as on 31st March, 2007

| Sr. No | Name of the Director | Designation |
|--------|----------------------|-------------|
| 1 | Mr. Manish Malani | Director |
| 2 | Mr. K.P. Chokani | Director |
| 3 | Mr. Shishir Dalal | Director |
| 4 | Mr. Ashutosh Malpani | Director |

Shareholding Pattern as on 30th June, 2007

| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|---|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (A) | Shareholding of Promoter & Promoter Group | | | | | |
| (1) | Indian | | | | | |
| (a) | Individuals/Hindu Undivided Family | 1 | 1100 | 1000 | 0.03 | 0.03 |
| (b) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Body Corporate | 5 | 1116904 | 1116904 | 29.40 | 29.40 |
| (d) | Financial Institutions/Banks | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 6 | 1118004 | 1117904 | 29.43 | 29.43 |
| (2) | Foreign | | | | | |
| (a) | Individuals (Non Resident/Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Body Corporate | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 0 | 0 | 0 | 0.00 | 0.00 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 6 | 1118004 | 1117904 | 29.43 | 29.43 |
| (B) | Public Shareholding Institutions | | | | | |
| (a) | Mutual Funds/UTI | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) | Financial Institutions /Bank | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) | Central Govt/State Govt(s) | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) | Venture Capital Fund | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) | Any Other (Specify) | 0 | 0 | 0 | 0.00 | 0.00 |
| | Sub Total | 0 | 0 | 0 | 0.00 | 0.00 |
| (2) | Non Institutions | | | | | |
| (a) | Body Corporate | 63 | 176670 | 173370 | 4.65 | 4.65 |
| (b) | Individuals | | | | | |
| | i Individuals Shareholders Holding nominal share capital up to Rs. 1 lakh | 3065 | 1675455 | 1141555 | 44.11 | 44.11 |
| | ii Individuals Shareholders Holding nominal share capital in excess of Rs. 1 lakh | 27 | 815358 | 775558 | 21.46 | 21.46 |



| Category Code | Category of Shareholder | Number of Shareholders | Total Number of Shares | Number of shares held in dematerialized form | Total shareholding as Percentage of total number of shares | |
|---------------|---|------------------------|------------------------|--|--|-------------------|
| | | | | | As a % of (A+B) | As a % of (A+B+C) |
| (c) | Any Other (Specify) | | | | | |
| | Clearing Members | 6 | 1885 | 1885 | 0.05 | 0.05 |
| | NRI | 5 | 7828 | 7828 | 0.21 | 0.21 |
| | Trust | 1 | 3400 | 3400 | 0.09 | 0.09 |
| | Sub Total (B)(2) | 3167 | 2680596 | 2103596 | 70.57 | 70.57 |
| | Total (B)(2)Total Public Shareholding(B)=(B)(1)+(B)(2) | 3167 | 2680596 | 2103596 | 70.57 | 70.57 |
| | Total (A) + (B) | 3173 | 3798600 | 3221500 | 100.00 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipt have been issued | 0 | 0 | 0 | 0.00 | 0.00 |
| | Grand Total(A)+(B)+(C) | 3173 | 3798600 | 3221500 | 100.00 | 100.00 |

This Company complies with clause 40A of the Listing Agreement

Financial Performance

(Rs. In lacs)

| Particulars | Unaudited Results (9 Months Ended) 31.12.2006 | Year ended March 31, 2006 | Year ended March 31, 2005 | Year ended March 31, 2004 |
|---|---|------------------------------|------------------------------|------------------------------|
| Equity Share Capital | 379.86 | 379.86 | 379.86 | 379.86 |
| Reserves (excluding revaluation reserves) | -115.19 | -123.30 | -128.08 | -133.94 |
| Net Worth (Rs) | 264.67 | 256.56 | 251.78 | 245.92 |
| Total Income | 86.83 | 106.68 | 105.15 | 111.56 |
| Profit/Loss after Tax | -19.91 | 4.78 | 5.54 | -115.69 |
| EPS of FV Rs. 10/- each (Rs.) | - | 0.13 | 0.15 | - |
| NAV per share of FV Rs. 10/- each (Rs.) | 6.44 | 6.75 | 6.63 | 6.47 |

The stock market data of the company for the last six months is as under:

| Month | High (Rs.) | Low (Rs.) | No. of Shares Traded | Net Turnover (Rs in Lacs) |
|---------------|---------------|--------------|-------------------------|------------------------------|
| June 2007 | 8.50 | 7.90 | 53397 | 5.18 |
| May 2007 | 8.99 | 7.61 | 11856 | 0.97 |
| April 2007 | 11.02 | 8.57 | 21516 | 2.12 |
| March 2007 | 11.34 | 8.48 | 161029 | 15.89 |
| February 2007 | 13.00 | 9.85 | 27730 | 3.11 |
| January 2007 | 15.60 | 12.95 | 37933 | 5.51 |

(Source: www.bseindia.com)

Other Details:

| | |
|---|-----|
| Public or rights Issue in the preceding three years | No |
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |



The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 or is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Financial Information of Unlisted Group Companies:

Unlisted Group Companies:-

(i) Birla International Pvt. Limited

| | | |
|--------------------------|---|--|
| Permanent Account Number | : | AAA-CB-4327L |
| Company Registration No. | : | 11-12630 dated 15 th April 1963 |
| Bank Account Details | : | Bank of Baroda, Backbay Reclamation |
| Nature of Business | : | Trading & Investment |

History:

The Company was incorporated in 1963 under the name and style of Vallabh Textile Mills Ltd. The name was changed to Maharashtra Commodity Trading Company Limited on 30th January, 1970 and was further changed to Birla International Pvt. Ltd. on 1st May, 1978. At present the Company is engaged, amongst others, in trading of HSS tools & abrasive, fire hose fittings, furnace oil, cast iron powder, generators, heavy duty angle grinder, raw wool etc. The Company is also a dealer in other items i.e. gunmetal couplings, cutting oil, purifier & coolers etc.

Birla International Pvt. Limited was also into Infrastructure Services division i.e. renting out properties, advancing of loans, investment in shares and securities etc. The said division has been hived off and transferred to its wholly owned subsidiary i.e. Nirved Traders Pvt. Ltd. For details of Scheme of Arrangement, please refer point no. 7 on page 14 of this Offer Document.

Promoters:

- Ms. Avanti Birla
- M/s Godavari Corporation Pvt. Ltd
- M/s Shearson Investment & Trading Co. Pvt. Ltd

Shareholding Pattern as on 31st March 2007:

| Sr No | Name of shareholders | Number of Equity Shares | % of holding |
|-------|--|-------------------------|--------------|
| 1 | M/s Godavari Corporation Pvt. Ltd | 86,600 | 19.24 |
| 2 | Ms. Avanti Birla | 50,000 | 11.11 |
| 3 | M/s Shearson Investment & Trading Co. Pvt. Ltd | 2,19,390 | 48.76 |
| 4 | Ms. Divya Mohta & Shearson Investment Trading Co. Pvt. Ltd | 10 | 0.002 |
| 5 | Yash Society | 40,000 | 8.89 |
| 6 | Sunanda Educational Society | 35,000 | 7.78 |
| 7 | Ms. Avanti Birla & Mr. Arunkumar Singhi | 19,000 | 4.22 |
| | Total | 4,50,000 | 100 |

Board of Directors as on 31st March , 2007

The Board of Directors comprises of:

| Sr. No | Name | Designation |
|--------|--------------------|--------------------|
| 1 | Mr. R.P. Todi | Executive Director |
| 2 | Ms. Ashadevi Mohta | Director |
| 3 | Mr. R.S. Malani | Director |



The brief financials are given below:

(Rs in Lacs)

| Particulars | Fiscal 2006 | Fiscal 2005 | Fiscal 2004 |
|--|-------------|-------------|-------------|
| Total Income | 5827.99 | 3570.43 | 2,005.49 |
| Profit / Loss After Tax | 707.59 | -31.03 | -116.12 |
| Equity Share Capital | 45.00 | 45.00 | 45.00 |
| Reserves & Surplus (excluding revaluation reserve) | 981.38 | 273.80 | 242.76 |
| Share Holders Funds / Net Worth (Rs) | 1026.38 | 318.80 | 287.76 |
| NAV per share of FV Rs. 10/- each (Rs.) | 228.08 | 70.84 | 63.95 |
| EPS of FV Rs. 10/- each (Rs.) | 157.24 | - | - |

The company is not a listed Company.

The company is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

There are no defaults in meeting any statutory/bank/institutional dues other than as under:

1. Income Tax appeals for the assessment years 1997-98 to 2001-02 are pending before the ITAT, Mumbai.
2. Income Tax appeal for the year 2002-03 is pending before the CIT (Appeals), Mumbai.

No proceedings have been initiated for economic offences against the Company.

(ii) TUNGABHADRA HOLDINGS PVT. LTD

Tungabhadra Holdings Pvt. Ltd was incorporated on July 1983 having a share capital of Rs.550 lacs. The company produces high frequency induction welded pipes. The pipes produced are black and galvanized with size of 15 mm to 80 mm. The manufacturing facility is located at Tarapur district and the installed capacity is of 36000 tons per annum, with fully automatic imported pipe manufacturing and online galvanizing. The pipes produced are used in the building industry for water supply, bore well, structural general engineering, fencing, furniture, automobiles, and conduits etc.

Board of Directors as on 31st March, 2007

| Sr. No | Name | Designation |
|--------|---------------------|-------------|
| 1 | Mr. J.H.Baxi | Director |
| 2 | Mr. Lalit A. Rungta | Director |
| 3 | Mr. G.L Lath | Director |

Shareholding Pattern as on 31st March, 2007:

| Name of the Shareholder | No. of Shares | % Holding |
|--|------------------|---------------|
| Asian Distributors Ltd | 2,00,000 | 3.97 |
| Birla International Pvt. Ltd | 9,68,400 | 19.23 |
| Godavari Corporation Pvt. Ltd | 6,62,000 | 13.14 |
| Capricorn Leasors & Distributors Pvt. Ltd | 2,73,000 | 5.42 |
| Hallmark Leasors & Distributors Pvt. Ltd | 3,65,000 | 7.25 |
| Shearson Investment & Trading Co. Pvt. Ltd | 5,68,000 | 11.28 |
| Mr. Arun Kumar Singhi | 10 | - |
| Mr Kashiprasad Chokhani | 10 | - |
| Mr. Purushotam Sharma | 10 | - |
| M/s Chervil Capital Ltd | 20,00,000 | 39.71 |
| Total | 50,36,430 | 100.00 |



Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | 31.03.2006 (12 months) | 31.03.2005 (12 months) | 30.09.2003 (18 months) |
|--|---------------------------|---------------------------|---------------------------|
| Share Capital | 503.64 | 503.64 | 303.64 |
| Reserves (Excluding Revaluation Reserve) | 1468.46 | 1396.39 | 274.98 |
| Net Worth | 1972.10 | 1900.03 | 575.46 |
| Total Income | 4169.41 | 4877.68 | 1393.37 |
| PAT | 72.59 | 121.16 | 72.68 |
| EPS (Rs.) | 1.44 | 2.41 | 2.39 |
| NAV Per Share (Rs.) | 39.16 | 37.73 | 18.95 |

Other Details:

| | |
|---|----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | No |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(ii) BIRLA LIFESTYLE PVT. LTD

Birla Lifestyle Pvt. Ltd. was incorporated on 16th February 2001. The aim of Birla Lifestyle was to provide stylish furniture and lifestyle products that match the tastes of today's globe trotting urban Indian.

Birla Lifestyle Pvt. Ltd. with the help of its stores aims at providing basic utilities required for home or office. The items that are showcased at the stores include not only exclusive designer furniture that are designed by world's finest designers but also small accessories such as folding ladder, ironing boards, cutlery etc.

Board of Directors as on 31st March 2007

| Sr. No | Name | Designation |
|--------|-------------------|-------------|
| 1 | Ms. Kaajal Anand | Director |
| 2 | Mr. Arun Singhi | Director |
| 3 | Mr. K.P. Chokhani | Director |

Shareholding Pattern as on 31st March 2007

| Name of the Shareholder | No. of Shares | % Holding |
|--|-----------------|------------|
| M/s Shearson Investment & Trading Co. Pvt. Ltd | 4,24,750 | 49.97 |
| M/s Birla International Pvt. Ltd | 3,44,750 | 40.56 |
| M/s Nirved Traders Pvt. Ltd | 80,000 | 9.41 |
| Mr. Arun Singhi | 100 | - |
| Mr. K.P. Chokhani | 100 | - |
| R.S. Malani | 100 | - |
| Ms. Kaajal Anand | 100 | - |
| Mr. Purushotam Sharma | 100 | - |
| Total | 8,50,000 | 100 |



Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | For the Financial year ended March 31 st | | |
|--|---|--------|--------|
| | 2006 | 2005 | 2004 |
| Share Capital | 85.00 | 45.00 | 45.00 |
| Reserves (Excluding Revaluation Reserve) | 40.00 | -2.59 | 2.13 |
| Net Worth | 125.00 | 42.41 | 47.13 |
| Total Income | 170.12 | 252.82 | 416.85 |
| PAT | 0.13 | -4.72 | 9.65 |
| EPS (Per Share) (Rs.) | 0.02 | - | 2.14 |
| NAV Per Share (Rs.) | 14.71 | 9.42 | 10.47 |

Other Details:

| | |
|---|-----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iii) VIKING TRAVELS PVT. LTD

The Company was incorporated in the year 1976. The operations are carried out from Mumbai in Maharashtra. The Company has membership with International Organizations like IATA, UFTA, AAAL. The registered office of Viking Travels Pvt. Ltd. is located at Queen's Mansion, Prescott Road, Mumbai - 400 001.

Board of Directors as on 31st March, 2007

| Sr. No | Name | Designation |
|--------|-----------------------|-------------|
| 1 | Mr Yashovardhan Birla | Director |
| 2 | Ms Avanti Birla | Director |
| 3 | Ms Asha Mohta | Director |
| 4 | Mr. Arun. Singhi | Director |
| 5 | Mr Manish Malani | Director |
| 6 | Mr G L Lath | Director |
| 7 | Ms Kaajal Anand | Director |

Shareholding Pattern as on 31st March 2007

| Name of the Shareholder | No. of Shares | % Holding |
|---|---------------|-----------|
| M/s Birla Bombay Pvt. Ltd | 4,500 | 1.50 |
| M/s Birla International Pvt. Ltd | 62000 | 20.67 |
| M/s Godavari Corporation Pvt. Ltd | 4,000 | 1.33 |
| M/s Schimitar Investment & Trading Co. Pvt. Ltd. | 1,00,000 | 33.33 |
| M/s Shearson Investment & Trading Co. Pvt. Ltd | 1,11,400 | 37.13 |
| Mr Yashovardhan Birla | 12,600 | 4.20 |
| Sunanda Medical Institute | 500 | 0.17 |
| Mr Yashovardhan Birla & Ms Avanti Birla C/o Mr. Ashok V Birla HUF | 2,000 | 0.67 |
| Mr. S.S.Dalal | 500 | 0.17 |
| Ms. Pravina S Dalal | 500 | 0.17 |



| Name of the Shareholder | No. of Shares | % Holding |
|-------------------------|-----------------|---------------|
| Mr. Sharad Ladha | 1,000 | 0.33 |
| Ms Smita Ladha | 1,000 | 0.33 |
| Total | 3,00,000 | 100.00 |

Note: - Schimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Schimitar are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | For the Financial year ended March 31 st | | |
|--|---|--------|--------|
| | 2006 | 2005 | 2004 |
| Share Capital | 30.00 | 25.00 | 25.00 |
| Reserves (Excluding Revaluation Reserve) | 122.72 | 7.38 | 0.50 |
| Net Worth | 152.72 | 32.38 | 25.50 |
| Total Income | 175.29 | 241.76 | 168.33 |
| PAT | 0.31 | 6.88 | 10.00 |
| EPS (Rs.) | 0.10 | 2.75 | 4.00 |
| NAV Per Share (Rs.) | 50.91 | 12.95 | 10.20 |

Other Details:

| | |
|---|----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | No |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(iv) BCI INTERNATIONAL LIMITED

BCI International was promoted by Mr. Ashok Vardhan Birla and incorporated under Companies Act 1956 in 1977 at Delhi. The Company changed its Registered Office from Delhi to Mumbai (Maharashtra) in 1997 for operational convenience. The Company is currently engaged in the business of development and construction of properties in Mumbai, finance and trading of various products in domestic as well as in international market.

Board of Directors as on 31st March 2007

| Sr. No | Name | Designation |
|--------|----------------------|-------------|
| 1 | Mr. B.L Varma | Director |
| 2 | Mr. K.P. Chokhani | Director |
| 3 | Mr. G.L. Lath | Director |
| 4 | Mr. R.P. Todi | Director |
| 5 | Mr Purushotam Sharma | Director |

Shareholding Pattern as on 31st March 2007

| Name of the Shareholder | No. of Shares | % Holding |
|--|---------------|-----------|
| M/s Birla International Pvt. Ltd | 4,780 | 47.80 |
| M/s Shearson Investment & Trading Co. Pvt. Ltd | 4,900 | 49.00 |
| Mr. Yashovardhan Birla | 270 | 2.70 |
| Mr Arun Singhi | 10 | 0.10 |
| Mr K.P. Chokhani | 20 | 0.20 |



| Name of the Shareholder | No. of Shares | % Holding |
|--|---------------|---------------|
| Mr. Arun Singhi & M/s Birla International Pvt. Ltd. | 10 | 0.10 |
| Mr. K.P. Chokhani & M/s Birla International Pvt. Ltd | 10 | 0.10 |
| Total | 10,000 | 100.00 |

Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | For the Financial year ended March 31 st | | |
|--|---|-------|----------|
| | 2006 | 2005 | 2004 |
| Share Capital | 10.00 | 10.00 | 10.00 |
| Reserves (Excluding Revaluation Reserve) | 22.87 | 27.88 | 19.20 |
| Net Worth | 32.87 | 37.88 | 29.20 |
| Total Income | 115.61 | 459 | 1,823.40 |
| PAT | -4.9 | 8.67 | 13.43 |
| EPS (Rs.) | - | 86.70 | 134.27 |
| NAV Per Share (Rs.) | 32.87 | 37.88 | 29.20 |

Other Details:

| | |
|---|-----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(v) BIRLA ELECTRICALS LTD

The Company was incorporated in the year 1996 with its Head Office in Mumbai. The product offering of Birla Electricals include room heating system, air purifier, ice cream maker, blender, coffee maker, juicer, oven & toasters, cooking hobs, iron, mixer grinder, oil heaters etc.

Board of Directors as on 31st March 2007

| Sr. No | Name | Designation |
|--------|-------------------------|-------------|
| 1 | Mr. G.L. Lath | Director |
| 2 | Mr. Subhash Sonthalia | Director |
| 3 | Mr. Sudhir Kumar Saldhi | Director |
| 4 | Mr. R.P. Todi | Director |

Shareholding Pattern as on 31st March 2007

| Name of the Shareholder | No. of Shares | % Holding |
|---|---------------|-----------|
| Mr Yashovardhan Birla | 100 | 0.01 |
| Ms. Avanti Birla | 100 | 0.01 |
| M/s Asian Distributors Ltd | 75,000 | 9.99 |
| M/s Schimitar Investment & Trading Co. Pvt. Ltd | 1,00,000 | 13.32 |
| M/s Godavari Corporation Pvt. Ltd | 75,000 | 9.99 |
| M/s Shearson Investment & Trading Co, Pvt. Ltd | 1,00,000 | 13.32 |
| M/s Birla International Pvt. Ltd | 1,50,000 | 19.98 |
| M/s Hallmark Leasors & Distributors Pvt. Ltd | 1,00,000 | 13.32 |



| Name of the Shareholder | No. of Shares | % Holding |
|---------------------------|-----------------|---------------|
| M/s Birla Bombay Pvt. Ltd | 1,50,000 | 19.98 |
| Mr. Subhash Sonthalia | 500 | 0.07 |
| Total | 7,50,700 | 100.00 |

Note:- Schimtar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Schimtar Investment & Trading Co. Pvt. Ltd are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | For the Financial year ended March 31 st | | |
|--|---|---------|---------|
| | 2006 | 2005 | 2004 |
| Share Capital | 75.07 | 75.07 | 75.07 |
| Reserves (Excluding Revaluation Reserve) | -1087.44 | -212.81 | -173.44 |
| Net Worth | -1012.37 | -198.12 | -188.98 |
| Total Income | 163.73 | 654.23 | 1217.42 |
| PAT | -874.63 | -39.36 | -154.70 |
| EPS (Rs.) | - | - | - |
| NAV Per Share (Rs.) | - | - | - |

Other Details:

| | |
|---|-----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(vi) BIRLA CONCEPTS (INDIA) PVT LTD

The company got incorporated in the year 2002. Products of the company include furniture and fixtures.

Board of Directors as on 31st March 2007

| Sr. No | Name | Designation |
|--------|-------------------|-------------|
| 1 | Ms Kaajal Anand | Director |
| 2 | Mr K.P. Chokhani | Director |
| 3 | Mr Mustafa Eisa | Director |
| 4 | Ms. Russhana Eisa | Director |

Shareholding Pattern of Equity Shares as on 31st March 2007

| Name of the Shareholder | No. of Shares | % Holding |
|--|---------------|---------------|
| Ms. Kaajal Anand | 100 | 0.20 |
| Mr. Arun Singhi | 100 | 0.20 |
| Mr. K.P. Chokhani | 100 | 0.20 |
| Mr Radheshyam Malani | 100 | 0.20 |
| M/s Godavari Corporation Pvt. Ltd | 6,275 | 12.55 |
| M/s Birla International Pvt. Ltd | 6,275 | 12.55 |
| M/s Shearson Investment & Trading Co. Pvt. Ltd | 12,550 | 25.10 |
| Mr. Mustafa Eisa | 24,000 | 48.00 |
| Ms Rukshana Eisa | 500 | 1.00 |
| Total | 50,000 | 100.00 |



Shareholding Pattern of Preference Shares as on 31st March 2007

| Name of the Shareholder | No. of Shares | % Holding |
|---|------------------|---------------|
| M/s Godavari Corporation Pvt. Ltd. | 2,50,000 | 25.00 |
| M/s Birla International Pvt. Ltd. | 2,50,000 | 25.00 |
| M/s Shearson Investment & Trading Co. Pvt. Ltd. | 2,50,000 | 25.00 |
| M/s Hallmark Leasors & Distributors Pvt. Ltd. | 2,50,000 | 25.00 |
| Total | 10,00,000 | 100.00 |

Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | For the Financial year ended March 31 st | | |
|--|---|--------|--------|
| | 2006 | 2005 | 2004 |
| Share Capital | 105.00 | 105.00 | 5.00 |
| Reserves (Excluding Revaluation Reserve) | 25.48 | 23.02 | 14.62 |
| Net Worth | 130.30 | 127.82 | 19.38 |
| Total Income | 167.11 | 319.15 | 315.77 |
| PAT | 2.53 | 8.70 | 8.27 |
| EPS (Rs.) | 0.25 | 0.82 | 16.53 |
| NAV Per Share (Rs.) | 12.41 | 12.17 | 38.76 |

Other Details:

| | |
|---|----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit Or loss figures for the immediately preceding three years | No |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

(vii) BIRLA PERUCCHINI LTD

The company was incorporated in the year 1997. Birla Perucchini was founded in collaboration with M/s. Fonderia Perucchini Spa, Italy with plant situated at Aurangabad in Maharashtra. The products produced are SG Iron [Nodular], CG Iron and Grey Iron casting.

Board of Directors as on 31st March 2007

| Sr. No | Name | Designation |
|--------|-------------------|-------------|
| 1 | Mr U.S. Sethia | Director |
| 2 | Mr. Ajay Jain | Director |
| 3 | Mr. Sanjay Chadda | Director |

Shareholding Pattern as on 31st March 2007

| Name of shareholder | No of shares | % |
|---|--------------|-------|
| Mr Yashovardhan Birla | 50100 | 0.74 |
| Ms Avanti Birla | 100 | 0.00 |
| Birla International Pvt Ltd | 617800 | 9.09 |
| Schimitar Investment & Trading Co Pvt Ltd | 482000 | 7.09 |
| Shearson Investment & Trading Co Pvt. Ltd | 482000 | 7.09 |
| Dagger Forst Tools Ltd | 2710000 | 39.85 |



| | | |
|--|----------------|---------------|
| Directors of Birla Perucchini Ltd | | |
| Mr U S Sethia | 220100 | 3.24 |
| Fonderia Perucchini | 1560000 | 22.94 |
| Kinglor Ltd | 600000 | 8.82 |
| Others | 77900 | 1.15 |
| TOTAL | 6800000 | 100.00 |

DETAIL OF OPTIONALLY CONVERTIBLE PREFERENCE SHAREHOLDERS AS ON 31-03-2007

| | | |
|-----------------------------|---------------------|------------|
| Name of shareholder | No of shares | % |
| Birla International Pvt Ltd | 5925926 | 100 |
| TOTAL | 5925926 | 100 |

Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | For the Financial year ended March 31 st | | |
|--|---|----------|-----------|
| | 2006 | 2005 | 2004 |
| Share Capital* | 1480.00 | 1480.00 | 1480.00 |
| Reserves (Excluding Revaluation Reserve) | -2382.52 | -2355.57 | -2290.89 |
| Net Worth | -1702.52 | -1675.57 | -1,612.78 |
| Total Income | 1624.11 | 1385.76 | 837.13 |
| PAT | -26.94 | -64.68 | -394.30 |
| EPS (Per Share) (Rs.) | - | - | - |
| NAV Per Share (Rs.) | - | - | - |

*The Share Capital includes the 5925926 Preference Shares of Rs. 10 each.

Other Details:

| | |
|---|-----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | Yes |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

The Company is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The company has filed reference under provisions of SICA (Special Provisions), 1985 on 1st April 2002 and subsequently the case got registered as case no. 702/2002 with BIFR, New Delhi. On the hearing held on 13/07/2005, BIFR has declared that the company is a sick company u/s 15 of SICA. However the company is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues as on 30th June, 2007.

(viii) SHLOKA PUBLICATION PRIVATE LIMITED

The Company was incorporated in the year 2003. The location of the company is in Mumbai with activities like publication of books. The Company has tie up with WRC, Media Discovery India. The Company's main objective is to make continuous efforts towards the constant evolution of our nation's education pattern.

Board of Directors as on 31st March 2007

| Sr. No | Name | Designation |
|--------|-------------------|-------------|
| 1 | Mr. K.P.Chokhani | Director |
| 2 | Mr. Manish Malani | Director |



Shareholding Pattern as on 31st March 2007

| Name of the Shareholder | No. of Shares | % Holding |
|--|---------------|---------------|
| Mr. Arun Singhi | 100 | 1.00 |
| Ms. Rummana Rangwala | 100 | 1.00 |
| Mr. K.P.Chokhani | 100 | 1.00 |
| Mr. Manish Malani | 100 | 1.00 |
| Mr. Bajranglal Varma | 100 | 1.00 |
| Birla International Pvt. Ltd | 1,900 | 19.00 |
| Godavari Corporation Pvt. Ltd | 1,900 | 19.00 |
| Shearson Investment & trading Co. Pvt. Ltd | 3,800 | 38.00 |
| Nirved Traders Pvt. Ltd | 1,900 | 19.00 |
| Total | 10,000 | 100.00 |

Brief Financial Performance (For Last Three Years):

(Rs. in Lacs)

| Particulars | For the Financial year ended March 31 st | | |
|--|---|--------|-------|
| | 2006 | 2005 | 2004 |
| Share Capital | 1.00 | *2.00 | *2.00 |
| Reserves (Excluding Revaluation Reserve) | - | - | - |
| Net Worth | -82.58 | -39.58 | 2.00 |
| Total Income | 119.89 | 56.33 | - |
| PAT | -43.18 | -30.94 | - |
| EPS (Rs) | - | - | - |
| NAV Per Share (Rs.) | - | - | - |

* Share Capital of Rs. 2,00,000 includes 1,00,000 share application money that has been refunded in the financial year ended 31st March, 2006.

Other Details:

| | |
|---|-----|
| Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up | No |
| Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years | Yes |

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Other relevant details about the group companies:

1. The Promoters have not disassociated themselves from any of the companies / firms during preceding three years.
2. There are no sales or purchase between companies in the Promoters' group, wherein such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Issuer Company. The material items of income or expenditure arising out of transactions in the Promoters' group are disclosed under "Related Party Disclosures" as mentioned under Annexure XV of the Auditors' Report appearing on page 100 of this Offer Document.

CHANGE IN ACCOUNTING POLICIES IN THE LAST THREE YEARS:

The Company was providing depreciation up to 30.06.2005 on its revalued asset on the basis of rates prescribed under Schedule XIV of the Companies Act, 1956. However, from 01.07.2005 the Company has changed its policy and accordingly the Company has provided depreciation on the remaining useful life of the revalued assets as determined by Chartered Engineers as on 31.03.2003. Accordingly for 27 months i.e. from 01.04.2003 to 30.06.2005, depreciation was charged on the basis of rates prescribed under Schedule XIV and from 01.07.2005 onwards depreciation is charged on the basis of 'remaining useful life' of the revalued assets.



CHANGE IN ACCOUNTING PERIOD

The financial year of the Company up to 2002-2003 was from 1st April, 2002 to 31st March, 2003. In the financial year 2003-04 the accounting period of the Company was extended to 15 months (from 1st April 2003 to 30th June 2004) to incorporate the Scheme of Arrangement as per the provisions of Section 78, 100, 391 and 394 of the Companies Act, 1956 as approved by the Honorable High Court in the books of accounts of the Company. In financial year 2004-05, the accounting period was for the period of 12 months from 1st July, 2004 to 30th June, 2005.

In view of line with same accounting period as required under Income Tax Act as well as Companies Act the financial year 2005-06 was closed for period of 9 months from 1st July, 2005 to 31st March 2006. Hence, the accounting period has been changed from year ended 30th June to year ended 31st March from the year 2005-06.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview of the business of the Issuer Company:

The Company is into the manufacture of high precision cutting tools, such as, broaches and gear cutting tools. The Company has vast experience of over 39 years in developing and producing these high-tech products to meet the challenging requirements of various automobile companies, defense organizations, power projects and several international customers.

Company is having an export market in Europe, Australia, Taiwan, Korea, Iran, South Africa, etc.

Factors that may affect Results of the operations

The major threat is that the Company is primarily dependent on automobile industry, which is fluctuating. However, the Company is trying to counter this by developing larger share of exports.

Summary of Past Financial Results (Recasted)

(Rs. in Lacs)

| | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 | Period Ended 30th June 2005 | Period Ended 31st March 2006 | Year Ended 31st March 2007 |
|--|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| | | | 15 months | 12 months | 9 months | |
| INCOME | | | | | | |
| Sales | 1,581.30 | 1,866.49 | 2,808.20 | 2,735.82 | 2,274.17 | 3,569.18 |
| Other Income | 70.38 | 116.95 | 75.24 | 41.22 | 16.26 | 144.43 |
| Increase/Decrease in Stock | 42.71 | 34.54 | 84.89 | 44.13 | 29.24 | 117.32 |
| Total Income | 1,694.39 | 2,017.98 | 2,968.33 | 2,821.17 | 2,319.67 | 3,830.93 |
| Variable Expenses | 381.69 | 259.74 | 421.92 | 470.38 | 486.20 | 757.69 |
| Administrative expenses and other expenses | 1682.31 | 1416.35 | 1959.62 | 1779.48 | 1371.36 | 2315.68 |
| Provision for Doubtful Debts | 193.96 | 23.27 | - | - | - | - |
| Financial Expenses | 265.57 | 247.98 | 257.11 | 155.67 | 142.23 | 300.92 |
| Extraordinary Items | 92.00 | 70.44 | | | | |
| Depreciation | 178.85 | 141.20 | 371.58 | 303.70 | 139.70 | 264.90 |
| Profit before tax | -1,323.86 | 1.37 | -41.95 | 111.84 | 180.60 | 191.75 |
| Current tax | 24.71 | 2.29 | 6.00 | 17.51 | 16.60 | 35.00 |
| Deferred tax | 20.42 | -127.91 | -130.24 | 60.38 | 30.74 | 32.94 |
| Fringe Benefit tax | - | - | - | 3.00 | 12.00 | 14.00 |
| Other tax adjustment | - | -2.00 | -5.50 | 15.61 | 15.25 | -4.78 |
| Profit for the year | -1,368.99 | 128.99 | 87.79 | 15.34 | 106.01 | 114.59 |

Comparison of 12 months period ended on 31.03.2007 vis-a-vis 9 months ended on 31.03.2007

As the two periods are not comparable, the Company has compared per month figures of the above two periods, wherever required.

Sales:

Sales during the year ended 31.03.2007 amounted to Rs. 3569.18 lacs & that during the period ended on 31.03.2006 is Rs.2,274.17 lacs. Average per month sales for the year ended 31.03.2007 amounts to Rs.297.43 lacs compared to Rs. 252.69 lacs for the period ended 31st March, 2006 an increase of 17.71%. The higher sales were mainly on account of higher demand for broaches which grew by 8.5% and for the year ended 31.03.07 as compared to the period ended 31.03.2006. The growth was stagnant for shaving cutters and it showed a fall of 11.81% in the the manufacturing of Gear Hobs during this period under review.

Other Income:

There has been substantial increase over the the previous period on per month basis due to sales tax & excise incentive received for Gandhidham unit and also due to occurrence of "Sundry Dr/Cr Balance written back".

**Expenditure:**

During the 12 months ended 31st March, 2007 variable expenses increased by 16.88% as compared to 9 months period ended 31st March, 2006. An increase is due to increase in raw materials consumed due to increase in sales and also due to increase in price of the raw material i.e. high speed steel.

There has also been marginal increase in administrative expenses of the Company from 60.30 % of sales for the period ended 31st March, 2006 to 64.03% of sales for the 12 months period ended 31st March, 2007, as the administrative and sundry expenses of the new unit at Gandhidham were incurred by the company.

Financial Expenses:

There has been an increase of 58.68% in financial expenses during the year ended 31st March, 2007 as compared to the period ended 31st March, 2006. The jump in financial expenses was on account of interest payment towards the additional term loan of Rs. 1126.13 lacs for the Gandhidham unit recently commissioned by the Company.

Depreciation:

Depreciation has increased by 42.22% for the year ended 31.03.2007 in comparison to the period ended 31.03.2006 due to investment in fixed assets at Gandhidham unit. Depreciation has been claimed by the Company on this new assets and hence the increase.

Net Profit before Tax:

Net profit for the 12 months period ended 31.03.2007 amounted to Rs. 191.75 lacs against profit during the period ended 31st March, 2006 of Rs. 180.60 lacs. On per month average basis profit during the 12 months period ended 31.03.2007 has reduced by 20.37% compared to the period ended 31st March, 2006 due to factors like lower gross margins as the company could not pass on the entire price rise in input costs, higher financial expenses and depreciation due to the new unit commissioned at Gandhidham.

Net Profit after Tax:

Net Profit for the 12 months period ended 31.03.2007 is Rs. 114.59 lacs, whereas for the nine months ended 31.03.2007 is Rs.106.01 lacs. On per month average basis net profit after tax decreased by 18.93% as at 31.03.2007 compared to the period ended 31.03.06 due to higher input costs, incidence of higher tax, high amount of depreciation, and financial expenses relating to the Gandhidham unit.

Comparison of 9 months period ended on 31.03.2006 vis-a-vis 12 months ended on 30.06.05

As the two periods are not comparable, the Company has compared per month figures of the above two periods, wherever required.

Sales:

Sales during the year ended 30.06.2005 amounted to Rs. 2,735.82 lacs & that during the period ended on 31.03.2006 is Rs.2,274.17 lacs. Average per month sales for the period ended 30.06.2005 amounts to Rs.227.99 lacs compared to Rs. 252.69 lacs for the period ended 31st March, 2006 an increase of 10.83%. The higher sales was mainly on account of higher demand for broaches which grew by 4% and that of shaving cutters that grew at 13% for the period ended 31.03.06 compared to the period ended 30.06.05. The growth was stagnant for gear hobs and it showed a marginal fall by 2.7% during this period under review.

Other Income:

There has been a decline in other income by 47.41% over the previous year, on per month basis. In year ended 30.06.05 there was a one time Interest income on Income tax refund. Also there was lesser DEPB entitlement during the period ended 31.03.06 as compared to year ended 30.06.05.

Expenditure:

During the 9 months period ended 31st March, 2006 variable expenses amounted to 21.38% of sales as against 17.19% of sales in the year ended 31st March, 2005, an increase due to higher raw material prices that couldnot be passed on the customers during that period. There has been decline in administrative expenses of the Company from 65.04% of sales in the year ended 30th June, 2005 to 60.30% of sales in period ended 31st March 2006. Decrease in administrative expenses in percentage terms is due to higher sales volume for the period ended 31st March'06.



Financial Expenses:

There has been marginal increase of 0.56% in financial expenses during the period ended 31st March, 2006 as compared to 2005. Financial expenses as a % of sales stood at 6.25% in 2006 as against 5.69% in 2005. The increase in financial expenses was on account of higher utilisation of working capital limits from the bankers to fund incremental sales.

Depreciation:

Depreciation has decreased on an average monthly basis from Rs. 25.31 lacs to Rs.15.52 lacs, a decrease of 38.67% for the period ended 31.03.06 as compared to the period ended 30.06.05. The decrease was mainly on account of the change in the depreciation policy adopted by the Company during this review period. The Company changed its depreciation policy on revalued assets from the basis of rates prescribed as per schedule XIV of the companies Act to a policy of 'residual life' of the revalued assets.

Net Profit before Tax:

Net profit for the period ended 31st March 2006 amounted to Rs.180.60 lacs as against Rs. 111.84 lacs for the period ended 30th June, 2005. On an average per month basis profit before tax increased by 115% for the period ended 31st March 2006 compared to the previous year mainly on account of higher sales and lower depreciation.

Net Profit after Tax:

Net profit after tax has increased from Rs. 15.34 lacs in 2005 to Rs.106.01 lacs, a growth of over 821% for the period ended 31st March, 2006, which is mainly due to increase in sales and revision in depreciation policy.

Comparison of year ended on 30.06.05 vis-vis 15 months period ended on 30.06.04

As the two periods are not comparable, we have compared per month figures of the above two periods, wherever required.

Sales:

Sales during the period ended 30.06.04 amounted to Rs. 2,808.20 lacs & that during year ended on 30.06.05 is Rs. 2,735.82 lacs. On per month basis sales during 30.06.04 amounts to Rs.187.21 lacs whereas during the year ended 30th June, 2005 it amounted to Rs.227.99 lacs, an increase of 21.78 % during the period on account of upswing in the auto component sector backed by strong domestic demand. There was a general upswing across the products manufactured by the company. The company saw a sales growth of 5.18%, 6.06% and 18.08% for broaches, gear hobs and shaving cutters respectively for the period ended 30.06.05 compared to period ended 30.06.04

Other Income:

There has been decline in other income by 31.52% over the previous period from Rs 75.24 to 41.22 during the review period. This was mainly on account of lesser DEPB entitlement and in previous year there was 'sundry Dr/Cr. balance written back' which do not reoccur in the year ended 30.06.05.

Expenditure:

During the year ended 30th June, 2005 variable expenses amounted 17.19 % of sales as against 15.02 % of sales in 2004, showing an increase of 2.17 % due to increase in cost of raw material viz High speed steel. There has been a decline in administrative expenses of the Company from 69.78% of sales in 2004 to 65.04% of sales in 2005 mainly on account of increased sales base during the period under review.

Financial Expenses:

There was a reduction of 24.32% in financial expenses during the year 2005 as compared to 2004 partly due to reduction in rate of interest by the company's bankers and partly due to repayment of term loan installments. Financial expenses as a % of sales stood at 5.69% in 2005 as against 9.16% in 2004. Decrease in percentage terms is due to higher sales volume for the period ended 30th June, 2005 and overall control of administration expenses during this period.

Depreciation:

Depreciation has marginally increased on an average monthly basis from Rs. 24.77 lacs to Rs.25.31 lacs, an increase of 2.17% mainly due to addition of certain fixed assets including capital work in progress for the Gandhidham project

Net Profit before Tax:

Net profit for the year ended 30th June, 2005 amounted to Rs. 111.84 lacs against loss during 2004 of Rs. 41.95 lacs. On per month basis profit during 2005 has increased to Rs. 9.32 lacs against loss of Rs. 2.80 lacs due to general buoyancy in the auto ancillary industry and higher turnover, higher margins and lower interest and financing charges

**Net Profit after Tax:**

Net profit after tax has reduced from Rs. 87.79 lacs in 2004 to Rs.15.34 lacs in 2005, which is mainly due to higher tax incidence, provision for deferred tax for the year ended 30.06.2005, and deferred tax adjustment during the period ended 30.06.2004

Comparison of 15 months ended on 30.06.2004 vis-a-vis 12 months ended on 31.03.2003

As the two periods are not comparable, the Company has compared per month figures of the above two periods, wherever required.

Sales:

Sales during the period upto 30.06.2004 has increased to Rs. 2,808.20 lacs from Rs. 1,866.49 lacs in the year ended 31.03.2003. On per month basis sales has increased from Rs. 155.54 lacs in the year ended 31.03.2003 to Rs. 187.21 lacs in period upto 30.06.2004, an increase in sales by 20.36% during period upto 30.06.2004 as compared to the year ended 31.03.2003. The company saw a sales growth of 5.88%, 11.17% and 13.59% for broaches, gear hobs and shaving cutters respectively for the period ended 30.06.04 compared to period ended 31.03.03. The increase in sales is attributable to the revival of the auto industry and demand for auto components.

Other Income:

There has been decline in other income by 45.21% over the previous year, on per month basis. The other Income for the year ended 31.03.2003 was higher due to one time "Profit on sale of Fixed Asset" which do not reoccur during the period ended 30.06.04.

Expenditure:

During the period upto 30.06.2004 variable expenses amounted 15.02% of sales as against 13.92% of sales in the year ended 31.03.2003, showing an increase of expenditure by 1.1% and decline in administrative expenses of the Company from 75.88% of sales in the year ended 31.03.2003 to 69.78% of sales in period upto 30.06.2004. Increase in variable cost is mostly on account of increase in raw material prices. Whereas decrease in percentage of administrative cost is due to higher sales volume. Fiscal year 2003 includes VRS expenses written off, development right written off, right expenses written off, provision for doubtful debt and technical know-how fees, which are not present in the period ended 30.06.2004.

Financial Expenses:

There has been reduction of 4.13% in financial expenses during the year period upto 30.06.2004 as compared to the year ended 31.03.2003. Financial expenses as a % of sales stood at 9.16% in period upto 30.06.2004 as against 13.29% in the year ended 31.03.2003. The reduction in financial expenses is mainly on account of to repayment of term loan installments.

Depreciation:

Depreciation has increased on per month basis from Rs. 11.77 lacs in 2003 to Rs. 24.77 lacs in period upto 30.06.2004, an increase of 110% mainly due to additional depreciation considered on account of revaluation of assets during the period ended 30.06.2004.

Net Profit before Tax:

Net loss before tax stood at Rs. 41.95 lacs during period upto 30.06.2004 as against profit Rs. 1.37 lacs in the year ended 31.03.2003, which is mainly due to increase in depreciation expenses during the year 2004 on revalued assets.

Net Profit after Tax:

Net profit after tax has reduced from Rs. 128.99 lacs in the year ended 31.03.2003 to Rs. 87.79 lacs in period upto 30.06.2004. During the year ended 31.03.2003 there was extra-ordinary income of Rs.70.44 Lacs towards assignment of leasehold rights of land at Aurangabad. Moreover the auto ancillary industry was on the verge of a turnaround and demand for the company's products has been steadily increasing during this period under review.

Comparison of year ended on 31.03.2003 vis-a-vis year ended on 31.03.2002**Sales:**

Sales during the year ended 31.03.2003 has increased to Rs. 1866.49 lacs from Rs. 1581.30 lacs in year ended 31.03.2002. There has been an increase in sales by 18.04% during year ended 31.03.2003 as compared to year ended 31.03.2002. The company saw a sales growth of 5.80%, 62.79% and 51.10% for broaches, gear hobs and shaving cutters respectively for the period ended 31.03.03 compared to period ended 31.03.02. The increase in sales is attributable to the turnaround of the auto industry and demand for auto components.



Other Income:

There has been an increase in other income by 66.16% over the previous year. This is due to increase in "Duty Entitlement Pass Book Scheme" (DEPB) entitlement income of Rs. 24 lacs in the year ended 31.03.2003, due to increased volume of Export Turnover during the year. Also the company had a one time profit on sale of assets that has been included in the other income for the period ended 31.03.03

Expenditure:

During the year ended 31.03.2003 variable expenses amounted to 13.92% of sales as against 26.84% of sales in year ended 31.03.2002, showing a major decrease of 12.92% because year ended 31.03.2002 includes trading business of Rs. 121.70 lacs where the gross margins are low. The variable expenses decreased by 31.95% on account of soft raw material prices and prevalent slow down in the economy in the past couple of years. Further, there has also been reduction in administrative expenses of the Company for the year ended 31.03.2003 mainly due to decrease in extraordinary expenses like provision of gratuity payment to employees, w/off of doubtful debts, voluntary retirement benefit payment during year ended 31.03.2003.

Financial Expenses:

There has been reduction of 3.51% in financial expenses during the year ended 31.03.2003 as compared to the year ended 31.03.2002. Financial expenses as a % of sales stood at 13.29% in the year ended 31.03.2003 as against 16.79% in the year ended 31.03.2002. Decrease in interest burden is due to reduction in interest on fixed loans and reduction in percentage proportionate to sales is due to higher value of sales for the year ended 31.03.2003.

Depreciation:

Depreciation during the year ended 31.03.2003 has reduced to Rs. 141.20 lacs from Rs. 178.85 lacs in year ended 31.03.2002, a reduction of 21% for the year ended 31.03.03 and in the absence of any capital investment.

Net Profit before Tax:

Net profit before tax stood at Rs. 1.37 lacs during the year ended 31.03.2003 as against net loss of Rs. 1323.86 lacs in year ended 31.03.2002. The main reason for loss during the year ended 31.03.2002 is due to continued world-wide recession and recession in automobile sector in particular, which resulted in lower turnover. Besides, Company has provided for payment of gratuity to employees, including for earlier years, amounting to Rs.167.00 Lacs, VRS payment to employees Rs.46.00 Lacs, provision for doubtful debts Rs.14.00 Lacs, etc.

Net Profit after Tax:

During the year ended 31.03.2003 the Company has earned net profit after tax of Rs. 128.99 lacs against net loss of Rs. 1368.99 lacs in year ended 31.03.2002. During the year ended 31.03.2003, there was deferred tax credit of Rs.127.91 Lacs against deferred tax debit of Rs.20.42 lacs during year ended 31.03.2002. The Net margins minus the deferred tax credit is marginal due to world wide recession of economies and the impact that had on the automobile industry.

Review of Assets and Liabilities

| | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 | Period Ended 30th June 2005 | Period Ended 31st March 2006 | Year Ended 31st March 2007 |
|---|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| | | | 15 months | 12 months | 9 months | |
| A FIXED ASSETS: | 1,351.07 | 1,202.66 | 3,255.23 | 3,230.05 | 5,069.75 | 5,198.11 |
| B Investments | 46.65 | 48.11 | 44.35 | 44.35 | 44.35 | 44.35 |
| C Current Assets , Loans & Advances: | | | | | | |
| Inventories | 451.68 | 448.12 | 521.94 | 652.57 | 717.56 | 981.50 |
| Sundry Debtors | 783.08 | 758.78 | 512.65 | 543.57 | 596.88 | 904.79 |
| Cash & Bank Balances | 56.95 | 93.51 | 123.45 | 157.26 | 170.84 | 189.59 |
| Loans & Advances | 294.72 | 353.65 | 275.87 | 268.74 | 366.53 | 395.52 |
| Total | 1,586.43 | 1,654.06 | 1,433.91 | 1,622.14 | 1,851.81 | 2,471.40 |
| D Less :Liabilities & Provisions: | | | | | | |
| Secured Loans | 1,167.30 | 1,138.45 | 1,061.30 | 988.22 | 2,102.36 | 2,617.15 |
| Unsecured Loans | 724.85 | 662.59 | 515.41 | 674.48 | 1,223.00 | 1,323.91 |
| Net Deferred Tax liabilities | 318.26 | 190.35 | 60.11 | 120.49 | 151.24 | 184.17 |



| | Year Ended 31st March 2002 | Year Ended 31st March 2003 | Period Ended 30th June 2004 | Period Ended 30th June 2005 | Period Ended 31st March 2006 | Year Ended 31st March 2007 |
|---------------------|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|----------------------------------|
| | | | 15 months | 12 months | 9 months | |
| Current Liabilities | 648.10 | 649.48 | 586.91 | 492.61 | 700.65 | 703.85 |
| Provisions | 236.88 | 203.04 | 242.12 | 337.78 | 442.17 | 495.63 |
| | 3,095.39 | 2,843.91 | 2,465.85 | 2,613.58 | 4,619.42 | 5,324.71 |
| Networth | -111.24 | 60.92 | 2,267.64 | 2,282.96 | 2,346.49 | 2,389.15 |

Comparison of 12 months ended on 31.03.2007 vis-a-vis 9 months period ended on 31.03.2006

Current Assets:

Overall the current assets have been increased by 30.31% in the 12 months year ended 31.03.2007 as compared to 9 months period ended 31.03.2006 due to increase in debtors & inventories.

a. Inventories:

The inventories have been increased by 36.78% in the 12 months year ended 31.03.2007 as compared to 9 months period ended 31.03.2006. This is due to increase in inventory of raw material and stores and spares due to increase in the demand of broaches in the year ended 31.03.2007.

b. Sundry Debtors:

The Sundry Debtors have been increased by 51.59% in the 12 months year ended 31.03.2007 as compared to 9 months period ended 31.03.2006 as the debtors considered good for more than six months have increased by 49.70% and debtors considered good for less than six months have increased by 51.82%. Increase in debtors is mainly due to increase in sales.

Secured Loan:

The Secured Loans have been increased by 24.49% in the 12 months year ended 31.03.2007 as compared to 9 months period ended 31.03.2006. This is mainly due to increase in long term loan by 18.48% and working capital loan by 79.82% in the 12 months year ended 31.03.2007.

Comparison of 9 months period ended on 31.03.2006 vis-a-vis 12 months ended on 30.06.05

Fixed Assets: There has been an increase in the Net Block of Fixed Assets by 60.60% in the financial period 31.03.2006 over financial year ended 30.06.2005. This has been primarily due to the additions of fixed assets during the year for setting up the Gandhidham unit.

Secured Loans: The secured loans during the financial period 31.03.2006 increased by 112.74% as compared to financial year ended 30.06.2005 as a result of further borrowings made by the company in form of Long term loans, Working Capital Loans & Vehicle Loans. The long term loan secured by mortgage of immovable properties & hypothecation of fixed assets has increased substantially as the loan was taken for setting up the Gandhidham Unit. Vehicle loans increased by 184.64% during the financial period ended 31.03.2006.

Unsecured Loans: The unsecured loans have increased by 81.32% as compared to the financial year ended 30.06.2005 as there has been an increase in the inter corporate deposits which were utilized for the Gandhidham Unit.

Loans & Advances: Loans & Advances increased by 34.57% as compared to the financial year ended 30.06.2005, as a result of increase in advances & deposits made with different Institutions. Advances made during the year recoverable in cash increased by 99.03% & deposits increased by 91.96%

Current Liabilities & Provisions:

Current Liabilities increased by 42.34% & Provisions during the year increased by 29.92% as compared to the Financial Year ended 30.06.2005. The reason being increase in Sundry Creditors & increase in Provisions made for dividend, Income Tax, Wealth Tax and Fringe Benefit tax.

Comparison of year ended on 30.06.05 vis-vis 15 months period ended on 30.06.04

Inventories: During the year ended 30.06.2005 inventories increased by 25.03% as compared to Financial Year 30.06.2004. It is mainly due to increase in raw material and component & finished goods.



Cash & Bank Balances: Cash & Bank balances during the year ended 30.06.2005 increased by 27.38% on year on year basis as there was increase in balance in Current Accounts with Scheduled Banks.

Loans & Advances: Loans & Advances has been reduced by 22.59% in financial year ended 30.06.2005 as compared to the financial year ended 30.06.2004, as there has been neither any advance payment of income – tax nor tax deducted at source in the financial year ended 30.06.2005.

Unsecured Loans: Unsecured Loans during the year ended 30.06.2005 increased by 30.86% as compared to Financial Year ended 30.06.2004 as there has been increase in the Sales Tax Deferment loan from SICOM in the Financial Year ended 30.06.2005.

Comparison of 15 months ended on 30.06.2004 vis-a-vis 12 months ended on 31.03.2003

Sundry Debtors: Sundry Debtors for the Financial Period 30.06.2004 declined by 32.44% as compared to Financial Year ended 31.03.2003. The main reason being that there was a steep reduction in the amount of debtors created in both more than 6 months & less than 6 months by 56.97% & 22.92% respectively.

Cash & Bank Balance: Cash & Bank balance a major item of current assets increased marginally by 32.03% during the financial period ended 30.06.2004 as compared to Financial Year ended 31.03.2003. The balance in Current Accounts with Scheduled Banks has been substantially increased by 176.83% as compared to Financial Period ended 31.03.2003.

Unsecured Loans: During the Financial Period ended 30.06.2004 the Unsecured Loans reduced by 22.21% as compared to Financial Year ended 31.03.2003. This was mainly due to reduction in inter corporate deposits by 49.45%.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

a. Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place during the last three years.

b. Significant Economic changes that materially affected or are likely to affect income from continuing operations:

The market in which the Company operates is closely linked with automobile industry, although not fully dependent on that. Any Government policy changes affecting the automobile industry could impact the Company's performance. However, automobile being a prime mover for the economy, Government is keen to promote much faster growth in the automobile industry. This is also reflected by the steps being considered for further reduction in Excise duty on Cars for further increasing the growth rate of automobile industry. The Company does not foresee any adverse effect on its business.

Except the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

c. Known trends or uncertainties that has or is expected to have a material adverse impact on sales, revenue or income from continuing operations:

Apart from the risks as disclosed under heading "Risk Factors" appearing on page vii of this Offer Document, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

d. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known:

Variable expenses as a % to Receipts have remained in the range of 15% to 27% of receipts for financial year/period ended 31.03.2002, 31.03.2003, 30.06.2004, 30.06.2005, 31.03.2006 and 30.09.2006. Administrative expenses (including employees cost and selling and Distribution Expenses) are in the range of around 65% of receipts except in year 2002, which are expected to decline further due to continuous cost cutting measures.

e. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices:

The increase in turnover is mainly on account of increase in sales volume and commencement of Gandhidham unit.

f. Total turnover of each major industry segment in which the Company operates:

The Company is operating in high precision cutting tools industry. However, there are no published data available to the Company, since there are only limited players in this industry in India.

g. Status of any publicly announced new products or business segment:

The Company has not announced any new product or segment.



h. **The extent to which business is seasonal:**

The business of the Company is not seasonal in nature.

i. **Any significant dependence on a single or few suppliers or customers:**

The Company sources its raw materials from GKW Powmex in local market and a few international suppliers like Bohler, Thyssen France, Edelstahl and Era Steel, and it is not under threat of excessive dependence on any single supplier.

Similarly, the Company is catering to diverse sectors, such as, automobile, defense, aeronautics, railways, engineering, power generations and hence there is no dependence on any single customer.

j. **Competitive conditions**

In the organized sector the Company faces competition from S.R.P.Tools Ltd. (now taken over by Mitsubishi), which makes same range of the products. The expertise derived from its association with reputed foreign collaborators, constant technology upgradation & training, enables the Company have a decent market share in the Industry.



SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The company certifies that except as stated herein, there are no:

- Other pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/ Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.
- Major creditors having an outstanding balance for more than six months as on 31st March, 2007, is 169.08 lacs.

Outstanding Litigations involving DFTL

Filed against the company:

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws:**

a. Show Cause notice issued by SEBI on the Company

Case History:

SEBI had issued summons vide letter nos. IES/ID5/RM/3631/2003 dated 14th February, 2003, letter nos. IES/ID5/RM/6045/2003, IES/ID5/RM/7666/2003 dated 25th March, 2003 and 22nd April, 2003, respectively, and summons vide letter no. 31447/2005 dated 18th January, 2005 with reference to investigation with regard to the dealing in shares of Dagger Forst Tools Ltd. (DFTL). All the above mentioned letters were clarified by the Company to SEBI.

Further, Show Cause notice no. IVD/ID-5/MSR/CM/56759/2005 was issued by SEBI on 30th December, 2005 to show cause as to why appropriate action under Section 11B and Section 11(4) of the SEBI Act, 1992 should not be passed against DFTL for violations of the provisions of Regulations 7(3) & 8(3) of SEBI (SAST) Regulations, 1997.

Reply to the Show Cause notice was given by Company on January 12, 2006. After considering the facts of the case, reply of the Company and other documents on record, SEBI disposed off the Show Cause notice no. IVD/ID-5/MSR/CM/56759/2005 dated 30th December, 2005 vide its order no. WTM/VKC/ID-5/16/06 dated 24th November, 2006 stating that there was no reason to issue any directions against M/s Dagger Forst Tools Limited either as prescribed under Regulations 44 and 45 of SEBI (SAST) Regulations, 1997 or as per Section 11(4) and 11B of SEBI Act, 1992.

Pertaining to Statutory Laws:

Provident Fund Dispute

| Party | Assessing Authority | Date Instituted | Claim Amount (Rs. In lacs) |
|---|--|------------------------------|----------------------------|
| Assistant P.F. Commissioner, The Employees Provident Fund Organisation, Maharashtra, Sub-Regional Office, Aurangabad. | The Employees Provident Fund Appellate Tribunal, Aurangabad. | 31 st March, 2003 | 2.35 |



Case History:

The Asst. P.F. Commissioner of SRO, Aurangabad, issued summons bearing No. MH/AUR/Circle/61/MH/17973/3/96 dated 18th April, 2002 directing the establishment i.e. M/s Dagger Forst Tools Ltd, Plot No. F- 2, M.I.D.C. Industrial Area, Chikalthana, Aurangabad, PF Code No. MH/AB/17973, to appear in person to reply to the allegations that the contribution for the period July/1996 to February/2002 were not paid within the stipulated time limit. The establishment pleaded not guilty and submitted all relevant documents to APFC to substantiate its claim. The APFC thereupon directed the enforcement officer to verify the records. Though proceedings were held on 27th May, 2002, 10th June, 2002, 26th June, 2002, 17th July, 2002 and 28th August, 2002, the records were verified by EO as late as 28th October, 2002. The EO observed that though the establishment has remitted the PF dues in respect of regular employees, casual employees and contract labour on time, the establishment has failed to deduct and deposit PF contribution on leave encashment given to their employees. The Executive Officer prepared a dues statement for the period 1996-97 to 2002 towards leave encashment dues and found that an amount of Rs.2,35,013/- is payable on leave encashment disbursed after 1997. The APF, SRO, Aurangabad vide an order dated 14th November, 2002 ordered to pay an amount of Rs.2,35,013/- within 10 days. Accordingly the company has paid on 24th March, 2003 the total amount under protest and went on appeal in the Employees Provident Fund Appellate Tribunal, which is still pending.

Labour Dispute: Nil

Arbitration Matters: NIL

- **Pertaining to Civil Laws: NIL**

Filed by the Company:

- **Pertaining to Criminal Laws:**

| Sr. No. | Name of the Opposite Party | Place of Litigation | Court before which Litigation is Pending | Date Instituted | Claim Amount (Rs. In lacs) |
|---------|----------------------------|---------------------|---|-----------------------------|----------------------------|
| 1 | Midindia Oil & Exports Ltd | Mumbai | Small Cause Court, Mumbai | 23 rd June, 1995 | 56.62 |
| 2 | Vikram Projects Ltd | Mumbai | Additional Chief Metropolitan magistrate Court, Dadar, Mumbai | 03 rd June, 1996 | 2.51 |

Case History:

Case filed against MidIndia Oils & Exports Ltd on 23rd June 1995 u/s 138 of Negotiable Instruments Act for recovery of Rs.56.62 lacs against dishonour of cheque. At present the case is pending with the Small Cause Court at Mumbai. Meanwhile the accused has obtained a stay from the High Court, Mumbai. As per the High Court order dated 24th August 2006, the accused has been directed to file a revised petition before the concerned Sessions Court against the order of the Magistrate for issuing process. Accordingly, Henry D'souza and others (the accused) have filed a revised petition before the Session Court at Mumbai, which has been admitted by the Session Court and hearing date is awaited.

Case filed against Vikram Projects Ltd. On 03rd June 1996 u/s 138 of Negotiable Instruments Act for recovery of Rs. 2.51 lacs against dishonour of cheque. At present, the case is pending with the Metropolitan Magistrates Court at Dadar, Mumbai. The Opposite party is absconding and hence a non-bailable warrant could not be served. The next hearing has been posted for 4th August, 2007.

The outcome of the above cases filed by the company will not have any material impact on the financials of the company.

- **Pertaining to Securities Laws: NIL**
- **Pertaining to Statutory Laws:**

a. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|------------------------------|
| Fonderia Perucchini | International Court |

A tripartite agreement was executed in March, 2000 between IL&FS, Birla Perucchini Limited and promoters of Birla Perucchini Limited (BPL) for subscription of optionally convertible preferential shares (OCPS). The agreement, inter-alia, provided that any obligations raising or emerging from or by virtue of this agreement would be made as between each of the parties described as promoters. In 2002, IL&FS invoked a put option on the promoters to sell their entire stake in view of Birla



Perucchini Limited being referred to BIFR. IL&FS called upon the promoters for redemption of OCPS for a price of Rs.1123.56 lacs. This claim was disputed by the promoters and the same was referred to the arbitrator in India. The arbitrator Justice S.B. Barucha (Retd.) passed an award upholding the claim of IL&FS and ordered Promoters of Birla Perucchini Limited for purchase of OCPS for a sum of Rs.1235.11 lacs. The Promoters were made liable jointly and severally to pay to IL&FS. The payment was made by the Promoters in India but not by Fonderia Perucchini. Hence, the Indian Promoters, i.e., Mr. Yashovardhan Birla, Birla International Ltd, Shearson Investments and Trading Company Pvt. Ltd, Schimtar Investment & Trading Co. Pvt. Ltd (amalgamated with Godavari Corporation Pvt. Ltd.) Dagger Forst Tools Ltd. and Birla Peruchhini Ltd. filed an application for arbitration for claiming the share of Fonderia Perucchini for the payment made to IL&FS. The matter is pending before the International Court in Milan, Italy.

- **Pertaining to Civil Laws: NIL**

Outstanding Litigations involving Promoters / Directors

Except as stated herein, there are no outstanding litigations, disputes, defaults, non-payment of statutory dues, over dues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of DFTL.

I. Mr. Yashovardhan Birla:

Filed against Mr. Yashovardhan Birla

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws: NIL**
- **Pertaining to Civil Laws: NIL**

Filed by Mr. Yashovardhan Birla

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws:**

a. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|-------------------------------------|
| Fonderia Perucchini | International Court |

Mr. Yashovardhan Birla, one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer heading "Arbitration Matters" on page 147 of this Offer Document.

- **Pertaining to Civil Laws: NIL**

II. Ms. Avanti Birla:

Filed Against Ms. Avanti Birla

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws:**

Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Claim Amount (Rs. In lacs) | Status |
|----------------|------------------------------------|-------------------------------|-----------------------------|-----------------------------------|---|
| 2 | Block Assessment | Income Tax Appellate Tribunal | 17 th July, 2003 | 21.25 | The case has been allowed in favour of Ms. Avanti Birla |



- **Pertaining to Civil Laws: NIL**

Filed by Ms. Avanti Birla

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws:**

Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Claim Amount (Rs. In lacs) | Status |
|----------------|------------------------------------|-------------------------------|-----------------------------|-----------------------------------|---|
| 1 | Block Assessment | Income Tax Appellate Tribunal | 19 th June, 2003 | 10.87 | The case has been allowed in favour of Ms. Avanti Birla |

- **Pertaining to Civil Laws: NIL**

III. Godavari Corporation Pvt. Ltd:

Filed against Godavari Corporation Pvt. Ltd

- **Pertaining to Criminal Laws: Nil**
- **Pertaining to Securities laws:**

1. Order by SEBI against Schimtar Investment Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Ltd.)

SEBI vide its letter dated 30th December, 2005 issued a show cause notice to Schimtar Investment Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Ltd.) for violation of Regulations 3, 4(a), 4(b) & 4(e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulations 7(1), 8(2) & 11(1) of SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

Godavari Corporation Private Limited replied to the show cause notice on July 24, 2006.

Further, on 5th January, 2007, SEBI has passed an order against Schimtar Investment and Trading Corporation Limited (now amalgamated with Godavari Corporation Private Limited) wherein Schimtar has been barred from buying, selling and dealing or accessing the securities market in any manner for a period of six months from the date of the order.

Schimtar Investment Trading Corporation Limited (amalgamated with Godavari Corporation Pvt. Limited) preferred an appeal with Securities Appellate Tribunal (SAT) on the above order by SEBI and SAT has issued stay order on 2nd February, 2007.

- **Pertaining to Statutory Laws: NIL**
- **Pertaining to Civil Laws: NIL**

Filed by Godavari Corporation Pvt. Ltd

- **Pertaining to Criminal Laws: (Recovery Case)**

| Sr. No. | Name of the Opposite Party | Place of Litigation | Court before which Litigation is Pending | Date Instituted | Claim Amount (Rs. In lacs) | Particulars | Status |
|----------------|-----------------------------------|----------------------------|--|--------------------------------|-----------------------------------|--|---------------------------------|
| 1 | Mr. B. L. Jain | Mumbai | Additional Metropolitan Magistrate, 33 rd Court at Ballard Pier, Mumbai | 18 th January, 2000 | 25.00 | Loan against shares was given to Mr. Jain. He issued cheques which were bounced. Case has been filed under Section 138 of Negotiable Instruments Act for dishonour of cheques. The case is still pending | Next date of hearing is awaited |



- **Pertaining to Securities laws: NIL**

Pertaining to Statutory Laws:

b. Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Claim Amount (Rs. in lacs) | Status |
|---------|---|-------------------------------|---------------------------------|---|--|
| 1 | Assessment Year 1997-1998 u/s 143(3) by Joint Commissioner of Income Tax S.R 6 u/s 147. By Income Tax Officer 1(1)(4) | Income Tax Appellate Tribunal | 07 th July, 2005 | Rs 25.44 lacs in the matter of Interest, Ready Shares & Speculation Loss. | The hearing is awaited |
| 2 | Assessment Year 1998-1999 u/s 143(3) Joint Commissioner of Income Tax SR-6 | Income Tax Appellate Tribunal | 23 rd February, 2005 | Rs 69.67 lacs in the matter of Interest. | The hearing is awaited |
| 3 | A.Y. 2001-2002 | CIT Appeal (1) | 10 th April, 2006 | In the matter of rent & Legal & Professional fees | The next hearing is on 17 th July, 2007 |
| 4 | A.Y. 2003-2004 | CIT Appeal (1) | 14 th March, 2006 | Rs. 172.23 lacs in the matter of Interest and Miscellaneous Expenses | The next hearing is on 7 th July, 2007 |

b. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|------------------------------|
| Fonderia Perucchini | International Court |

Godavari Corporation Pvt. Limited, one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer heading "Arbitration Matters" on page 147 of this Offer Document.

- **Pertaining to Civil Laws: NIL**

IV. Birla Bombay Private Ltd

Filed against Birla Bombay Private Ltd

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws:**

a. Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Claim Amount (Rs. in lacs) | Status |
|---------|-----------------------------|-------------------------------|--------------------------------|----------------------------|--|
| 1 | Assessment Year 1998-1999 | Income Tax Appellate Tribunal | 26 th May, 2004 | 24.77 | Next date of hearing on 9 th July, 2007 |
| 2 | Assessment Year 2001-2002 | Income Tax Appellate Tribunal | 13 th June, 2005 | 4.96 | No date fixed |
| 3 | Assessment Year 2001-2002 | Income Tax Appellate Tribunal | 24 th January, 2006 | 6.12 | No date fixed |



Filed by Birla Bombay Private Ltd

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws: NIL**
- **Pertaining to Civil Laws: NIL**

V. Shearson Investment & Trading Company Pvt. Ltd

Filed against Shearson Investment & Trading Company Pvt. Ltd

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws: NIL**
- **Pertaining to Civil Laws: NIL**

Filed by Shearson Investment & Trading Company Pvt. Ltd

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws:**

a. Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|-------------------------------------|
| Fonderia Perucchini | International Court |

Shearson Investment & Trading Company Pvt. Ltd., one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer heading "Arbitration Matters" on page 147 of this Offer Document.

- **Pertaining to Civil Laws: NIL**

VI. Asian Distributors Limited -

Filed against Asian Distributors Limited

- **Pertaining to Criminal Laws: Nil**
- **Pertaining to Securities laws: Nil**
- **Pertaining to Statutory Laws: Nil**
- **Pertaining to Civil Laws: Nil**

Filed by Asian Distributors Limited

- **Pertaining to Criminal Laws: NIL**
- **Pertaining to Securities laws: NIL**
- **Pertaining to Statutory Laws: NIL**
- **Pertaining to Civil Laws:**



Recovery Case:

| Sr. No. | Name of the Opposite Party | Place of Litigation | Court before which Litigation is Pending | Year | Claim Amount (Rs. In lacs) | Status |
|---------|----------------------------|---------------------|--|------|----------------------------|---------------------------------|
| 1 | Gurunanak Industries | Mumbai | High Court | 1994 | 2.73 | Next Date of hearing is awaited |

VII. Birla Cotsyn (India) Ltd.) (Formerly known as Birla Agro Pvt. Ltd.)

Filed against Birla Cotsyn (India) Limited)

Pertaining to Labour Laws:

| Sr. No. | Name of oppositeParty | Court before which Litigation is pending | Date Instituted | Particulars |
|---------|-----------------------------|--|-----------------|---|
| 1 | Mr. Prabhakar Mane | Industrial Court, Yavatmal | Aug' 2006 | Unfair Labour Practice and for Re-instatement |
| 2. | Ms. Lifayatbi Shaikh Rehman | Labour Court, Yavatmal | Aug' 2006 | Unfair Labour Practice |

Filed by Birla Cotsyn (India) Ltd.:

- 1) A case filed by Birla Cotsyn (India) Ltd. at Dhulia Civil Court towards encroachment into company's plot of land against Mr. Ramarao Patil. The Commissioner appointed by the Court in his report submitted that the construction made by Mr. Patil is illegal. The next date of hearing is 17th July, 2007.
- 2) The following cases were filed at Ghatanji Civil Court towards encroachment into company's plot of land against following persons. The Court has given judgment in company's favour but still possession formalities are pending. Therefore the cases are still pending for final possession orders:

| Sr. No. | Name of persons |
|---------|------------------------|
| 1 | Mr. Kailash Khobragade |
| 2 | Mr. Namdeo Ramteke |
| 3 | Ms. Savitri Ramteke |
| 4 | Mr. Shastiram Ramteke |
| 5 | Mr. Bhaskar Ramteke |
| 6 | Mr. Kamlakar Ture |
| 7 | Mr. Sambha Ramteke |
| 8 | Mr. Manohar Ramteke |
| 9 | Mr. Vishvanath Ramteke |
| 10 | Mr. Vithal Chunarkar |
| 11 | Ms. Tulsabai Chunarkar |
| 12 | Mr. Prakash Bansod |
| 13 | Mr. Bholu Bansod |
| 14 | Mr. Daulat Khobragade |
| 15 | Mr. Dadarao Khobragade |
| 16 | Mr. Pramod Nanpar |
| 17 | Ms. Ahilyabai Nanpar |
| 18 | Mr. Ramaji Meshram |
| 19 | Mr. Namdeo Kaninde |



Outstanding Litigations involving Promoters' Group Companies

Except as stated herein,

There are no criminal, securities, statutory or other litigations against any of the Group/Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group companies / Associate Concerns promoted by the Promoters.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

I. Birla International Private Limited

Filed against Birla International Private Limited

- **Pertaining to Criminal Laws: Nil**
- **Pertaining to Securities laws: Nil**
- **Pertaining to Statutory Laws:**
 - Income-Tax Appeals for the Assessment Years 1997-98 to 2001-02, are pending before the ITAT, Mumbai. The amount is not ascertainable
 - Income-Tax Appeals for the Assessment Years 2002-03, is pending before CIT (Appeals), Mumbai. The amount is not ascertainable
 - Wealth Tax Appeals for the Assessment years 1986-87 to 1992-93 is pending before the ITAT, Mumbai and the amount for the same is not ascertainable
 - Income Tax appeal for the Assessment years 1996-97 to 1998-99 is pending before the ITAT, Mumbai and the amount for the same is not ascertainable.
- **Pertaining to Civil Laws: Nil**

Filed by Birla International Private Limited

- **Pertaining to Criminal Laws: Nil**
- **Pertaining to Securities laws: Nil**
- **Pertaining to Statutory Laws: Nil**
- **Pertaining to Civil Laws:**

Arbitration Matters:

| Party | Court/Arbitrator and Counsel |
|---------------------|------------------------------|
| Fonderia Perucchini | International Court |

Birla International Pvt. Ltd., one of the Promoters of Birla Perucchini Limited (BPL) alongwith other Indian Promoters of BPL filed an application for arbitration for claiming Rs. 1235.11 lacs, being the share of Fonderia Perucchini, for the payment made to IL&FS with respect to redemption of optionally convertible preferential shares issued by Birla Perucchini Limited.

For details of this case, please refer heading "Arbitration Matters" on page 147 of this Offer Document.

II. BIRLA TRANASIA CARPETS

The Company has been declared a Sick Industrial Company within the meaning of clause (O) of the sub section (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial & Financial Reconstruction (BIFR) in its meeting held on 28th June, 1999 and registered as case no. 43/99 with the Board. The Company has been directed by the BIFR for submission of Draft Rehabilitation Scheme (DRS) or its consideration and approval in its meeting held on 26th September, 2005. The Company has submitted DRS scheme to operating agency Punjab National Bank (PNB) and PNB has submitted DRS to BIFR and awaiting final order of Hon'ble BIFR.

The company has not constituted investor grievance committee since the paid up capital of the company is less than Rs. 300 lacs.



Filed against Birla Transasia Carpets

Pertaining to Criminal Laws: NIL

Pertaining to Statutory Laws:

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date of Institution | Claim Amt. (Rs. in lacs) |
|----------------|------------------------------------|----------------------------|----------------------------|---------------------------------|
| 1 | Sales Tax – | | | |
| | 1998-99 | U.P. Sales Tax | 2001-02 | 6.93 |
| | 1999-00 | | 2002-03 | 14.55 |
| | 2000-01 | | 2003—04 | 114.97 |
| | 2001-02 | | 2004-05 | 26.84 |
| | 2002-03 | | 2005-06 | 31.76 |
| | 2003-04 | | | 30.89 |
| | | | | 225.94 |
| 2 | Sales Tax – | Delhi Sales Tax | 1987-88 | 1.14 |
| | 1990-91 | | 1992-93 | 0.69 |
| | 1991-92 | | 1993-94 | 0.13 |
| | 1993-94 | | 1995-96 | 1.10 |
| | 1994-95 | | 1996-97 | 1.74 |
| | 1995-96 | | 1997-98 | 1.20 |
| | 1996-97 | | 1998-99 | 1.18 |
| | 1997-98 | | 1999-00 | 0.88 |
| | 1998-99 | | 2000-01 | 16.02 |
| | 1999-00 | | 2001-02 | 26.66 |
| | 2000-01 | | 2002-03 | 7.58 |
| | 2001-02 | | 2003-04 | 1.23 |
| | 2002-03 | | 2004-05 | 1.53 |
| | 2003-04 | | 2005-06 | 4.40 |
| | 2003-04 | | 2005-06 | 0.13 |
| | | | | 65.61 |
| 3 | Excise Demand | CEGAT | | 17.26 |

Recovery Case Filed Against the Company: NIL

Labour Case:

| Name | Assessing Authority | Date Instituted |
|-----------------|--------------------------------|------------------------|
| A. R. Zaidi | Labour Commissioner, GZB | 1996 |
| A.K. Srivastav | Labour Commissioner, Delhi | 1996 |
| A. K. Choudhary | Labour Commissioner, Delhi | 1997 |
| J. M. Sharma | Civil Court, Ghaziabad | 2000 |
| Sunder Singh | Labour Commissioner, Delhi | 1998 |
| V. K. Mishra | Labour Commissioner, Ghaziabad | 2001 |



| Name | Assessing Authority | Date Instituted |
|-------------------|--------------------------------|-----------------|
| P.N.Pandey | Labour Commissioner, Ghaziabad | 2001 |
| Amarjeet | Labour Commissioner, Ghaziabad | 2001 |
| Aalam | Labour Commissioner, Ghaziabad | 2001 |
| Noor Akram | Labour Commissioner, Ghaziabad | 2001 |
| Bule Ram | Labour Commissioner, Ghaziabad | 2001 |
| Azam | Labour Commissioner, Ghaziabad | 2001 |
| Jagat Singh | Labour Commissioner, Ghaziabad | 2001 |
| Santosh kumar | Labour Commissioner, Ghaziabad | 2001 |
| S.P.Yadav | Labour Commissioner, Delhi. | 2000 |
| Badruddin | Civil Court, Bullandsahr | 2000 |
| Ram Kishore Saini | ALC, Bullandsahr | 2004 |
| Rockwell Pumps | Civil Court, Ghaziabad | 2003 |
| Nagendra Rai | Labour Commissioner, Delhi | 1997 |
| R.N. Tiwari | High Court, Allahabad | 1989 |

Pollution Control Case:

| Name | Assessing Authority | Date Instituted |
|-------------------------|--|-----------------|
| Pollution Control Board | Special Judicial Magistrate (Pollution), Lucknow | 1993 |
| Pollution Control Board | Special Judicial Magistrate (Pollution), Lucknow | 1993 |

The above cases are filed under Water (Prevention & Control of Pollution Act) 1974 by UPPCB against the Company. Non-bailable warrants were issued to the then directors of the Company for personal non-appearance before the Court as per the orders. At present the Company is in the process of filing the writ petition before High Court to get a stay in the above mentioned case.

Filed by Birla Transasia Carpets

Pertaining to Criminal Laws:

Recovery Cases related to Sec. 138 – Dishonour of Cheques

| Name of Party | Date | Amt.(Rs. in lacs) |
|-----------------|----------------------------------|-------------------|
| Vandana Polytex | 10 th September, 2003 | 0.74 |
| Vandana Polytex | 15 th February, 2003 | 3.53 |
| TOTAL | | 4.27 |

Pertaining to Statutory Laws:

Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Claim Amount (Rs. In lacs) |
|---------|-----------------------------|---------------------|----------------------------|
| 1 | Income Tax 1998-99 | Tribunal | 900.00 |



III. BIRLA POWER SOLUTIONS LIMITED:

Filed against the Company

Legal Cases

The status of legal cases with the amount of Rs. 5.00 Lacs and above is given below:

| Sr. No. | Name of the Party | Court/ Name of Judge | Date of Filing | Amount (Rs. In Lacs) | Next Date of hearing/ Present Status |
|---------|-------------------|-------------------------|---------------------------------|----------------------|--|
| 1 | Kamaljit Singh | Tis Hazari, Delhi | 26 th April, 2005 | 5.84 + interest | The suit has been decreed in favour of the Party |
| 2 | Pradeep Juneja | Civil Judge, Tiz Hazari | 27 th July, 2006 | 6.5 | Next date of hearing is on 30 th July 2007 |
| 3 | Sawan Sales | Civil Judge, Tiz Hazari | 6 th June, 2006 | 47.00 | Recovery suit filed by dealer. Next date of hearing is on 01 st August, 2007 for filing of written statement. |
| 4 | GC Agarwal | Civil Judge, Tiz Hazari | 28 th November, 2003 | 5.85 | Appeal filed against the order of the lower court appeal admitted. |

Apart from the above cases there are 19 cases with the amount of each case being less than Rs. 5. Lacs that are pending against Birla Power Solutions Ltd. The total amount claimed for these cases is Rs. 19.52 lacs.

Status of Labour Cases

| Sl. No. | Employee/ Party | Place | Brief of Case |
|---------|------------------|---------------------|---|
| 1 | Nishit Bhatnagar | Labour Court Indore | Labour court adjudication filed by employee claiming a sum of Rs 2.25 lacs. The next date of hearing is on 2 nd August, 2007 |
| 2 | Shiv Badan Singh | Labour Court Indore | Labour court adjudication filed by employee claiming a sum of Rs 2.54 lacs. The next date of hearing is on 2 nd August, 2007 |

Cases under Section 138 of Negotiable Instrument Act)

Status of cases with the amount of Rs. 5.00 lacs and above:

| Sr. No. | Party | Station | Court/ Name of Judge | Date of Filing | Amount (Rs. In Lacs) | Next Date of hearing / Present Status |
|---------|---------------------------|-----------------------|---------------------------------------|----------------------------------|----------------------|---|
| 1 | Japan Trading Corporation | Trichy, Tamilnadu | Metropolitan Magistrate Patiala House | 18 th April, 2002 | 5.10 | 29 th November, 2007 For execution of Non Bailable Warrants against the Dealer |
| 2 | Universal Engineering | Coimbatore, Tamilnadu | Metropolitan Magistrate Patiala House | 30 th August, 2001 | 11.50 | 12 th July,, 2007 for Non Bailable Warrants against the Dealer |
| 3 | Universal Engineering | Coimbatore, Tamilnadu | Metropolitan Magistrate Patiala House | 12 th September, 2001 | 11.50 | 20 th February, 2008 for Non Bailable Warrants against the Dealer |
| 4 | Universal Engineering | Coimbatore, Tamilnadu | Metropolitan Magistrate Patiala House | 08 th January, 2002 | 13.00 | 20 th February, 2008 for Non Bailable Warrants against the Dealer |



| Sr. No. | Party | Station | Court/ Name of Judge | Date of Filing | Amount (Rs. In Lacs) | Next Date of hearing / Present Status |
|---------|--------------------------------|----------------------------|---------------------------------------|----------------------------------|----------------------|--|
| 5 | Goodwill Auto | Hubli, Karnataka | Metropolitan Magistrate Patiala House | 12 th February, 2001 | 25.00 | 01 st October, 2007 for evidence |
| 6 | P.S. Motors | Gurgaon, Haryana | Metropolitan Magistrate Patiala House | 13 th September, 2000 | 5.00 | 25 th October, 2007 for Non Bailable Warrants |
| 7 | New India Auto | Tirur, Kerala | Metropolitan Magistrate Tis Hazari | 09 th January, 2002 | 5.05 | 30 th October, 2007 for appearance of the accused |
| 8 | Auto World | Chickman-galore, Karnataka | Metropolitan Magistrate Tis Hazari | 19 th November, 2003 | 11.50 | 31 st October, 2007 for Evidence |
| 9 | Sawan Sales Agencies Pvt. Ltd. | Delhi | Metropolitan Magistrate Patiala House | 12 th November, 2003 | 10.00 | 07 th August, 2007 for evidence. |
| 10 | Sawan Sales Agencies Pvt. Ltd. | Delhi | Metropolitan Magistrate Patiala House | 12 th November, 2003 | 10.00 | 18 th July, 2007 for evidence. |
| 11 | Sawan Power Systems Pvt. Ltd. | Delhi | Metropolitan Magistrate Patiala House | 12 th November, 2003 | 8.00 | 27 th August, 2007 for evidence |
| 12 | Sawan Sales Agencies Pvt. Ltd. | Delhi | Metropolitan Magistrate Patiala House | 12 th November, 2003 | 9.00 | 27 th August, 2007 for evidence |
| | | | | | Total | 124.65 |

Apart from the above cases there are 64 cases with the amount of each case being less than Rs. 5. Lacsthat are pending against Birla Power Solutions Ltd. The total amount claimed for these cases is Rs. 103.45 lacs.

Defaults to Sales tax, excise and custom duty:

Details of the dues in respect of Sales Tax, Customs Duty and Excise Duty along with forum where the dispute is pending are as follows:

| Name of Statute | Nature of the dues | Amount (Rs. /Lacs. | Forum where dispute is pending | Year to which it is related |
|-----------------------|--------------------|--|--|---|
| Delhi Sales Tax Act | Sales Tax | 68.36 83.59 194.44 63.77 34.09 0.8 33.84 | Additional Commissioner Additional Commissioner Additional Commissioner Additional Commissioner Additional Commissioner Deputy Commissioner, Delhi Additional Commissioner | 2003-04 2003-04 2002-03 2001-02 2000-01 1999-00 1998-99 |
| Kerala Commercial Tax | Sales Tax | 19.50 | Supreme Court | 2000-01, 2001-02 |
| U.P. Trade Tax | Sales Tax | 0.89 70.50 6.67 20.91 | Joint Commissioner, Ghaziabad Joint Commissioner (Appeal) Appellate Tribunal, Ghaziabad Appellate Tribunal, Ghaziabad | 2000-01 2002-03 2003-04 2005-06 |
| Bihar Sales Tax | Sales Tax | 9.3011.61 | Deputy Commissioner, Patna Deputy. Commissioner Ranchi | 2001-02, 2002-03 2003-04 |



| Name of Statute | Nature of the dues | Amount (Rs. /Lacs.) | Forum where dispute is pending | Year to which it is related |
|-----------------------|--------------------|---------------------|-----------------------------------|-----------------------------|
| Karnataka Sales Tax | Sales Tax | 0.75 | Commercial Tax Officer, Karnataka | 2003-04 |
| Maharashtra Sales Tax | Sales Tax | 81.22 | Sales Tax Officer, Maharashtra | 1998-99 to 2000-01 |
| Central Excise Act | Excise Duty | 3.31 | Commissioner (Appeal) | |
| Custom Act | Custom Duty | 1.40 | Commissioner of Customs | |
| Uttaranchal Sales Tax | Sales Tax | 15.85 | Sales Tax Commissioner | 2000-01 |
| Total | | 690.83 | | |

Filed by Birla Power Solution Ltd.

Legal Cases

| Sr. No. | Name of the Party | Court/ Name of Judge | Date of Filing | Amount (Rs. In Lacs) | Next Date of hearing / Present Status |
|---------|------------------------|--------------------------|---------------------------------|----------------------|---|
| 1. | Permil Traders | Civil Court Bulandsahar | 07 th July, 2000 | 9.50 | Suit for recovery filed against the dealer. Next date of hearing is 24 th July, 2007 for plaintiff's evidence. |
| 2 | Universal Engineering. | MM Court Coimbatore | 20 th February, 2000 | 7.00 | Case u/s 138 filed against the dealer for bouncing of cheque. |
| 3 | Lohia Jute Press | Civil Court, Kolkata | 04 th October, 1996 | 6.62 | Civil suit has been filed for recovery. Next date is awaited |
| 4 | Mohanty & Company | Civil Court, Bhubaneswar | 04 th April, 2001 | 24.00 | Recovery suit filed against the Dealer. Next date of hearing was 7th July, 2007 |
| 5 | Modfab International | High Court, Delhi | 28 th July, 1996 | 15.00 + interest | Recovery suit filed against the Dealer Next date of hearing is 16 th July, 2007 |
| 6 | Khemka Udyog | Civil Judge, Tiz Hazari | 20th December, 2005 | 19.98 | Suit decree in Company's favour Rs. 19.98 lacs + Interest @ 9.00% p.a. |
| 7 | G G Marketing | Civil Judge, Tiz Hazari | 20th December, 2005 | 11.5 | Next date of hearing 2nd August, 2007 for written statement |
| 8 | PK Enterprises | Civil Judge, Tiz Hazari | 13 th November, 2006 | 6.73 | Recovery suit filed against the dealer. The next date of hearing is on 13th July, 2007 |
| 9 | Burlington Express | State Commission Delhi | 03 rd March, 1996 | 8.07 | Consolidating agent : Delay in delivery of material. The next date of hearing is on 29 th September, 2007 |



Apart from the above cases there are 6 cases with the amount of each case being less than Rs. 5. Lacs that are filed by Birla Power Solutions Ltd. The total amount claimed for these cases is Rs. 11.70 lacs.

I. BIRLA PERUCHHINI LIMITED:

LEGAL CASES FILED BY THE PARTIES ON THE COMPANY:

| Sr. No. | Name of Party | Place | Nature of Case | Amt. Claimed (Rs. In lacs) | Payable as per our books (Rs. In lacs) | Date of Notice |
|---------|-------------------------------|-------------|--|----------------------------|--|---|
| 1 | Shelik Industries | Pune | Legal notice received through Advocate | 11.46 | 3.04 | 29 th March 2000 |
| 2 | Shree Precoated | Pune | Trial is in process at Pune court | 0.18 | -0.14 | 08 th November, 2000 |
| 3 | Sharda Ispat Ltd. | Nagpur | Legal notice received through Advocate | 2.45 | 2.44 | 10 th November, 2000 |
| 4 | S. P. Kulkarni | Aurangabad | Legal notice received through Advocate | 8.10 | 7.59 | 09 th October, 2001 |
| 5 | Shilpa Industries | Chiplun | Legal notice received through Advocate | 1.66 | 0.92 | 30 th October, 2001 |
| 6 | Classic Metal | Mumbai | U/s 138 of N. I. Act trial is in process in Mumbai Court. | 0.36 | 0.08 | 07 th August, 2000 |
| 7 | Vardhaman Industries | Ahmednagar | U/s 433, 434, 439 | 24.25 | 17.64 | 18 th September, 2001 |
| 8 | Vardhaman Industries | Ahmednagar | U/s 138 of Negotiable Instrument Act. | 24.25 | 17.64 | Summon recd on 30 th October, 2002 |
| 9 | Sunil Despande | Aurangabad | Legal notice received through Advocate | 2.92 | 0.26 | 23 rd November, 2002 |
| 10 | Vishal Electricals Aurangabad | Aurangabad | Summons received | 2.59 | 1.35 | 20 th January, 2004 |
| 11 | Gajanand Industries | Aurangabad | Legal notice received through Advocate | 0.46 | 0.46 | 14 th January, 2004 |
| 12 | Pillar Induction | Mumbai | Winding up petition U/S 433,434 of Cos Act. Filed at Mumbai High Court | 8.67 | 4.05 | July, 2003 |
| 13 | Snam Alloys P Ltd | Pondicherry | Summon received from court | 3.76 | 3.07 | May, 2004 |
| 14 | Associated Engineering | Kolhapur | Recovery Suit Filed by party | 7.74 | 5.53 | - |

Note:

1. Birla Peruchhini has sent legal notice to M/s Shree Precoated, Pune for Rs. 3.83 lacs towards excess payment on account of excise.
2. Company has filed legal case against three accused employee (SBM, VRB, SVD) for Rs 24.24 Lacs in Court.
3. Company has filed FIR against accused employee (Shyam Thampi) for misappropriation of Funds to the tune of Rs 11.25 Lacs



II. BIRLA LEASING & INFRASTRUCTURE LIMITED: (formerly known as Birla Capital and Financial Service Ltd.)

Filed Against Birla Leasing and Infrastructure Limited

Pertaining to Securities Law:

Show Cause Notice by BSE

Birla Capital & Financial Services Ltd (BCFSL, now known as Birla Leasing & Infrastructure Ltd), has been served a show cause notice by Bombay Stock Exchange Limited vide its communication dated March 07, 2007 for non compliance of provisions of the listing agreement.

Pursuant to a Scheme of amalgamation sanctioned by the High Court of Bombay vide its order dated October 8, 1999, the company on January 28, 2000 allotted 60,00,000 equity shares of Rs. 10/- each (Post stock split 3,00,00,000 equity shares of face value Rs. 2/- each) to the shareholders of erstwhile Birla Leasing & Investment Company Ltd in the ratio of 12 shares of Dolphin International Limited (earlier known as Birla Capital & Financial Services Ltd and now known as Birla Leasing and Infrastructure Ltd) for every 10 shares held.

The notice alleges non compliance by the acquirer/company in respect of dematerialization of shares before obtaining in-principle approval from the exchange for listing of shares issued pursuant to the above scheme of amalgamation, sale of part of unlisted shares through the exchange, non compliance under Clause 35 of the listing agreement and non submission of disclosure under regulation 6 (2) of SEBI (SAST) Regulations, 1997 as on February 20, 1997. The notice has been served to show cause as to why (a) the listing application for shares sought to be listed in the exchange should not be rejected (b) action of withdrawing admission to dealings in the BCFSL's securities on the exchange be not taken against BCFSL.

BCFSL has sought time from BSE for resolving this matter.

Filed By Birla Leasing and Infrastructure Limited

Pertaining to Criminal Laws:

Cases related to Sec. 138 – Dishonour of Cheques

| Sr. No | Name of the Party | Filing Date | Amount (Rs. In lacs) |
|--------|---------------------------------|--------------------------------|----------------------|
| 1 | Indiana Dairy Products (I) Ltd. | 15 th January, 1997 | 8.65 |
| 2 | Nygar Paper Product | 09 th October, 1997 | 7.56 |
| 3 | Sol Ltd. | 09 th October, 1997 | 112.13 |
| | Total | | 128.34 |

Apart from above, there are total 89 cases pending against Birla Leasing and Infrastructure with the total amount to be claimed from these cases is Rs. 32.90 lacs.

Pertaining to Statutory Laws:

Tax Disputes

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Remarks |
|---------|---|----------------------------------|------------------------------|--|
| 1 | Assessment Year 1996-1997 to 2000-2001. | Income Tax Settlement Commission | 20 th March, 2003 | Settlement Commission has admitted company's settlement applications u/s 245 D (1) of the Income Tax Act, 1961 on 25.10.2004. Company has paid all the due taxes of the said years. The Final order u/s 245 (D) (4) is awaited. Additional amount of the Income Tax payable shall be known when final order u/s 245 (D) (4) is passed. |

VI. TUNGABHADRA HOLDINGS PRIVATE LTD.

Filed against Tungabhadra Holdings Private Ltd.

The Excise Department has filed an appeal in Tribunal against the order of the Commissioner (Appeal) who has set aside the order of Asst. Commissioner refusing Tungabhadra Holding Pvt. Ltd. the excise license on G-39, MIDC, Tarapur.

Filed by Tungabhadra Holdings Private Ltd.

1. The Company has received letter from Central Excise claiming their ownership on Plot No. G-39, MIDC, Tarapur(purchased by the Company from DRT), the Company has filed a suit on Union of India (Central Excise) for restraining the Excise officers from disturbing and obstructing the peaceful occupation & possession by the Company. The Court has decided in favour of the Company but Excise Department had filed a revised application against impugned order, which is still pending.



VII. BCI INTERNATIONAL LTD.

Filed against BCI INTERNATIONAL LTD.

Consumer Dispute Redressal Forum

| Sr. No. | Name of Party | Court of Litigation | Nature of Case | Date Instituted |
|---------|----------------------------|---------------------|------------------|----------------------------|
| 1 | Mr. Vinod Dhanuka & Others | Bandra | Consumer Dispute | 16 th May, 2005 |

The Complainants are the flat owners of the building. The Complainant has filed the suit against the Company for failure & negligence of the contractual and statutory obligations.

VIII. BIRLA KENNAMETAL LIMITED.

Filed against Birla Kennametal Limited

Pertaining to Civil laws:

| Sr No | Name of opposite Party | Place of Litigation | Court before which Litigation is pending | Date Instituted | Claim Amount (Rs.) | Remarks |
|-------|------------------------|---------------------|--|----------------------------|--------------------|-------------|
| 1 | Mr.B.S.Sonwane | Aurangabad | Mumbai High Court Bench, Aurangabad | 04 th May, 1989 | Permanency | Labour Case |

Filed by Birla Kennametal Limited

Pertaining to Criminal laws:

Cases related to Sec. 138 – Dishonour of Cheques

| Sr. No | Name of opposite Party | Place of Litigation | Court before which Litigation is pending | Date Instituted | Claim Amount (Rs. in lacs) |
|--------|------------------------|---------------------|--|---------------------------------|----------------------------|
| 1 | A. V. Tech – Delhi | Aurangabad | District Court A' bad | 14 th May, 2002 | 7.47 |
| 2 | Style World Aurangabad | Aurangabad | District Court A' bad | 16 th February, 2005 | 0.10 |

Pertaining to Civil laws:

There are 8 cases pending before the district court Aurangabad and High Court, Mumbai. The total amount to be claimed is Rs. 5.96 lacs.

IX. VIKING TRAVELS PRIVATE LIMITED.

Filed Against Viking Travels Private Limited - NIL

Filed by Viking Travels Private Limited

| Sr. No. | Name of Party | Place | Nature of Case | Amt. Claimed (Rs. In lacs) |
|---------|------------------------------------|--------|----------------|----------------------------|
| 1 | M/s Freeway Marketing India | Mumbai | Recovery Case | 1.06 |
| 2 | Ms. S. Gidwani | Mumbai | Recovery Case | 0.30 |
| 3 | M/s Meltroll Engineering Pvt. Ltd. | Mumbai | Recovery Case | 0.38 |
| 4 | M/S Vatsa Entertainment Limited | Mumbai | Recovery Case | 1.07 |
| | Total | | | 2.81 |

V. BIRLA ELECTRICALS LIMITED.

Filed Against Birla Electricals Limited - NIL

Filed by Birla Electricals Limited

Pertaining to Criminal Case:

Cases related to Sec. 138 – Dishonour of Cheques

Details of Sec. 138 Case Filed in Mumbai Court against our Distributors



| Sr No. | Distributor | Amount (Rs. In lacs) |
|--------|-----------------------------------|----------------------|
| 1. | Johari Enterprises, Indore, M.P. | 0.40 |
| 2. | Johari Enterprises, Indore, M. P. | 5.51 |
| 3. | Enbee Enterprises, New Delhi | 5.23 |
| 4. | T.R. Enterprises, New Delhi | 4.75 |
| 5. | Kamala Stores, West Bengal | 1.60 |
| 6. | Anil Enterprises, Varanasi, U.P. | 0.50 |
| | Total | 17.99 |

| Sr No. | Distributor | Amount (Rs. In lacs) |
|--------|----------------------------|----------------------|
| 1. | Shri Shyam Sales, Kanpur | 2.00 |
| 2. | Shri Shyam Sales, Kanpur | 1.00 |
| 3. | Shri Shyam Sales, Kanpur | 0.50 |
| 4. | Shri Shyam Sales, Kanpur | 0.50 |
| 5. | Shri Shyam Sales, Kanpur | 0.50 |
| 6. | Rajkamal Marketing, Indore | 0.50 |
| 7. | Rajkamal Marketing, Indore | 0.10 |
| 8. | Rajkamal Marketing, Indore | 0.50 |
| 9. | Ramdev Marketing, Mumbai | 1.00 |
| 10. | Ramdev Marketing, Mumbai | 0.65 |
| | Total | 7.25 |

Pertaining to Civil Case:

Details of Court Decree received in favour of Birla Electricals Ltd for which execution needs to be field for in Delhi Court against our Distributor

| Sr. No. | Name of Party | Amt. Claimed (Rs. In lacs) |
|---------|----------------------|----------------------------|
| 1 | M/s Akriti Marketing | 8.50 |

XI. ZENITH BIRLA (INDIA) LIMITED (Zenith):

Filed Against Zenith Birla (India) Limited

- **Pertaining to Criminal Laws:**

CASES PERTAINING TO CRIMINAL LAWS

| S. No | Case No. | Name of Opposite Party | Court before which litigation is Pending | Current Status/ Next Date of Hearing |
|-------|-----------------------|---|--|--|
| 1. | 388/RC/92/697 /S/2000 | Asst. Registrar of Companies, Maharashtra | Additional Metropolitan Magistrate's Court, Mumbai | Case has been compounded and the Company has paid fine of Rs. 13,500/- |
| 2. | 614/SW/04 | Bimla Holdings Pvt. Ltd. | Metropolitan Magistrate's Court at Esplanade, Mumbai | 15th March, 2007 |

Case History:

- Case filed by Registrar of Companies, Mumbai against Zenith and its erstwhile Directors pertaining to the 53 applications made by the depositors which covers 56 deposits amounting to Rs.2,93,000/- which was due from Zenith. The Company Law Board passed an order on 25th March, 1992 directing Zenith to repay the Impugned Deposits on or before 30th April, 1992. Zenith in accordance with the order paid the 56 depositors but erred in making the payments after the due date. Case has been compounded and that the Company has paid the fine in pursuance of order dated 29th March, 2007.
- Bimla Holdings Company Pvt. Ltd. which had let out certain premises to Zenith, has filed a Criminal complaint dated 20th August, 2003 under Sections 415, 420, 427 read with Sections 34 and 114 of the Indian Penal Code against Zenith, some of its Directors including Executive Director Mr. Arun Jain and it's then Company Secretary, charging them of cheating it and knowingly or intentionally destructing the property and destroying its value and utility.



CASES PERTAINING TO CIVIL LAWS

| Sr. No. | Case No. | Name of Opposite Party | Court before which litigation is Pending | Claim Amount (Rs. in lacs) | Current Status/Next Date ofHearing |
|---------|---------------------------------|---|--|----------------------------|---|
| 1. | 298 of 1991 | India Steel Industries | High CourtMumbai | 114.52 | The case has been disposed off |
| 2. | Long Cause Suit No.960 of 1988 | Paschimanchal Udyog | City Civil Court, Ahmedabad | 0.50 | — |
| 3. | T.E. & R. Suit No.24/25 of 2001 | Hillcrest Constructions | Small Causes Court, Mumbai | — | 9 th July,2007 |
| 4 | Special Civil Suit No.675/04 | Praj Industries Ltd. | City Civil Court, Pune | 25.00 | Pending argument on maintainability of Suit |
| 5 | W.P. 2474 / 1992 | Ramson Enterprises | Delhi High Court | 15.00 | 31 st August, 2007 |
| 6 | 25/1993 | Lohia Dyes & Chemicals | Rajasthan High Court | 0.47 | — |
| 7 | — | Shree Yarns Industries Ltd | Board levelReview CommitteeOf PunjabState ElectricityBoard | 19.57 | Matter is pending |
| 8 | 75/92 | Royce Dyestuffs | Court of the Additional District and Sessions Judge, Delhi | 1.00 | Matter is pending |
| 9 | 80 / 2005 | Umga Gears Pvt. Ltd. | Judicial Magistrate, Nashik | 0.24 | 20th June 2007 |
| 10 | 59 / 93 | Jayram Mukund Patil / Vasudev J. Patil & others | Civil Court, Palghar Dist. Thane | — | 30th July 2007 |

Case History:

1. India Steel Industries (“**ISI**”) has filed a suit dated 21st January, 1991, for specific performance of six orders of carbon steel totaling to 2630 M.T. placed by them with Zenith during the period August, 1987 to November, 1988. In the alternative, ISI has prayed that Zenith be ordered to pay the aggregate sum of Rs.114.52 lacs with interest thereon at the rate of 18%p.a. from the date of the suit till realization. Further, ISI has also prayed that pending the hearing and final disposal of the suit, Zenith be ordered and directed to give security for the sum of Rs. 14.52 lacs or such sum as the Court may deem proper. ISI has also taken out a notice of motion dated 15th February, 1991. The hearing of the case is adjourned in view of the declaration issued by BIFR under Section 22(3) of the Sick Industrial Companies (Special Provisions) Act, 1985. ISI has now purchased the Steel Division of Zenith and they have agreed to withdraw the case after all the legal formalities regarding the sale of the Steel Division are completed.
2. A suit was filed in the year 1988 by a Company called Paschimanchal Udyog, claiming refund of Rs. 0.50 lacs advanced to Zenith for service charges for importing certain materials. Zenith has denied the contentions as false and the suit is pending.
3. Hill Crest Constructions (“**HCC**”), the owners and landlords of residential premises, had accepted Zenith as a monthly tenant in respect of the same. HCC terminated the tenancy on the ground that it needed the premises for its own use. Zenith, however, did not vacate the premises. HCC has therefore filed a suit in the Court of Small Causes at Mumbai to obtain possession of the premises, and to obtain mesne profits as may be deemed fit by the Court. Zenith has filed an Application for stay of the suit on 5th August, 2003 and the suit is pending.
4. Praj Industries Ltd. has filed a Special Civil suit No. 675 of 2004 against Zenith in City Civil Court, Pune for the specific performance of a contract and recovery of unpaid consideration amounting to Rs.25.00 lacs, inclusive of the interest payable on the principal amount. Zenith has challenged the jurisdiction of the court and the matter is pending for order.



5. Ramson Enterprises, a dealer of Zenith has filed a suit in 1992 in the Delhi High Court for recovery of Rs 15 lacs towards an unpaid bill. Zenith in turn filed another civil suit in High Court of Punjab and Haryana for recovery of Rs.7.73 lacs, which was stayed till the decision of the previous suit instituted by Ramson Enterprises.
6. A Suit was filed by Lohia Gum & Chemicals Industries against Zenith in 1991 for recovery of Rs. 0.47 lacs in the District Court, Jodhpur and an order was passed against Zenith. Zenith filed an appeal in the Sessions Court, Jodhpur against the order of the District Court, but the appeal was dismissed. Zenith has filed an appeal in the Rajasthan High Court in August 2005 against the order of the Sessions Court, which is pending.
7. A petition was filed by Shreyans Industries Ltd. on 20th May, 2002 against the Punjab State Electricity Board ("PSEB") in the Dispute Settlement Authority, PSEB. An order was passed by the authority on 25th August 2003 against Shreyans Industries Ltd for a claim of Rs.19.57 lacs. Shreyans Industries Ltd made a counter claim on Zenith Ltd as the Paper Division was purchased from Zenith. Shreyans Industries prays that the amount claimed by PSEB should be paid by Zenith. An appeal was made by Zenith Ltd. against Punjab State Electricity Board and Shreyans Industries Ltd against the orders dated 25/8/03 passed by Dispute Settlement Authority of PSEB, Patiala whereby PSEB was allowed to charge energy loss for the period from July 1988 to 3/12/1992 and Zenith prays that it is not liable to pay any amount.
8. A suit was filed in the Court of the Additional District Judge, Delhi, on 15th November, 1991 by Royce Dyestuffs Company against Zenith Ltd. for recovery of Rs.0.99 lacs for the goods supplied to the Companies. An ex parte money decree was passed against Zenith for Rs.0.99 lacs with interest on 22nd July, 1996. Zenith Ltd. applied under Order IX, Rule 13 of the Code of Civil Procedure, 1908 for setting aside the ex parte decree and order dated 22nd July, 1996 in the Court of the Additional District and Sessions Judge, Delhi on 23rd August, 1997
9. Recovery suit filed by the party as Zenith has rejected the materials supplied by Umga Gears as the same is not as per the quality specifications of Zenith.
10. Suit filed claiming encroachment of land adjacent to factory boundary at erstwhile Chemical Division at Tarapur, Dist Thane

CASES PERTAINING TO LABOUR LAWS

There are total 31 labour law cases pending against Zenith. The total amount claimed is Rs. 18.75 lacs

CASES PERTAINING TO EXCISE / CUSTOM / INCOME TAX / SALES TAX LAWS

| Sr. No. | Case No. | Name of Opposite Party | Court before which litigation is Pending | Claim Amount (Rs. in lacs) | Current Status/Next Date of Hearing |
|----------------|---------------------------|--|--|-----------------------------------|---|
| 1. | SLP (C) 17825 of 2006 | Commissioner of Customs (Preventive), Mumbai | Supreme Court of India, New Delhi | 71.80 | The matter is pending |
| 2. | Appeal E/256/ 2002 | Central Excise Department | Appellate Commissioner, Central Excise, Mumbai | 53.34 | The matter is pending |
| 3. | Appl no. 28/90 dt.12.1.90 | Central Excise Department | Commissioner of Central Excise (Appeals) Appeal Mumbai | 5.30 | Matter is pending |
| 4. | Appeal no. E/1623/ 94-A | Central Excise Department | Commissioner of Central Excise, Mumbai | Not ascertainable | Matter is pending |
| 5. | Appl. No. E/2507/04 Mum | Central Excise Department | Deputy. Comm of Appeal Amravati | 4.96 | Matter is pending |
| 6. | ADJ/198/B/ SDE/KNR/04 | District Collector, Dues Recovery Branch | Directorate of Enforcement New Delhi | 40.00 | Zenith deposited Rs.2 lacs with the Tribunal. Final hearing shall take place on 6th August , 2007 |



| Sr. No. | Case No. | Name of Opposite Party | Court before which litigation is Pending | Claim Amount (Rs. in lacs) | Current Status/Next Date of Hearing |
|---------|----------------------------|--|---|----------------------------|-------------------------------------|
| 7. | V/48/D/74/ADJ/ 94 | Central Excise Department | Collector of Central Excise Chandigarh | 114.53 | Matter is pending |
| 8. | APL.No. E/2109/92 - NB(DB) | Central Excise Department | Collector of Central Excise, New Delhi. | 15.86 | Matter is pending |
| 9. | — | Sales Tax Department | The Deputy Commissioner of Sales Tax (Appeals) IV | 7.28 | Matter is pending |
| 10 | — | Sales Tax Department | The Deputy Commissioner of Sales Tax (Appeals) XI | 9.96 | Matter is pending |
| 11. | — | Sales Tax Department | The Deputy Commissioner of Sales Tax (Appeals) IV, Mumbai | 3.47 | Matter is pending |
| 12. | — | Asst. Comm. of Central Excise, Boisar, Thane | — | 1.17 | Matter is pending |

Note: Apart from above 4 cases has been filed with Income tax Appellate Tribunal with respect assessment year 1989-90, 1997-98, 1998-99, 1999-00.

Case History:

1. Filed by the Customs Department against the stay order passed by CESTAT in the matter of department's claim of Rs.71.80 lacs towards recovery of duty exemption on import of Gold under Special Import License.
2. Various Show Cause Notices issued by the Excise Dept. for the period March' 98 to February' 2000 for Rate Difference due to Classification Disputes. Appellate Commissioner has rejected Zenith's claim
3. The notices have been issued by the excise department against Zenith for the difference in the rate of excise duty. Duty paid on Zinc waste and scrap under chapter 2620 @ 8% Advl, whereas department is asking to pay under chapter 7902 @ 15% Advl. Out of the total demand of Rs.53 lacs, Zenith has paid Rs.3.09 lacs under protest.
4. Central Excise Divisional Officer at Amravati disallowed the duty exemption on exports for non submission of export proof and demanded the payment of excise duty by its order dt.30.11.89. Zenith has filed an appeal with Collector of Central Excise (Appeals) for quashing of the order passed by the Divisional Office. The matter is due for final hearing very shortly.
5. Appeal filed by the Central Excise Department against the deductions allowed by the Collector (Appeals) in respect of cash discount given by Zenith's Tool division to its customers.

The matter is related to dispute on assessable value, where the Deputy. Commissioner levied the excise duty on commissions paid to agents for yarn sales. Zenith went into appeal against the said levy to the Commissioner (Appeals), who up-held the order of Deputy. Commissioner on which Zenith filed appeal to CEGAT, which referred the matter back to Deputy. Commissioner, where it is currently pending for final decision.
6. The Adjudicating Authority in the Office of the District Collector, imposed penalty in relation to non submission of proof of Bill of Entry. Zenith went into appeal with Directorate of Enforcement against the order passed by the District Collector. The said appeal has been granted and the recovery proceedings have been stayed by the Tribunal till the disposal of the final hearing.
7. Zenith received a notice dated 2nd February, 1994 from the Collector, Central Excise, Chandigarh, claiming that Zenith had contravened the provisions of Rules 9(1), 173F, 173G and 226 of the Central Excise Rules, 1944 and asking Zenith to show cause as to why the sum of Rs. 114.53 lacs on account of short payment of excise duty on 2416.041MT of paper should not be recovered from them under the proviso to Section 11-A of the Central Excise and Salt Act, 1944 and why penal action should not be taken against them under Rules 9(2), 173-Q and 226 of the Central



Excise Rules, 1944. Zenith has submitted a detailed reply to the said notice and has prayed that the proceedings be dropped. The matter is pending.

8. The Collector passed an order dated 29th January, 1992 demanding duty of Rs.11.86 lacs and Rs.4.00 lacs as penalty on the ground that Zenith had paid less excise duty than that which was due. Zenith appealed against the said order on 27th November 1997 to the Customs, Excise & Gold (Central) Appellate Tribunal, New Delhi ("CEGAT"), which was dismissed by order dated 19th December, 1997. Zenith filed an application for rectification of mistake in the said order dated 19th December, 1997 before the CEGAT on 21st March 1998. In response to Zenith's application for rectification, an order was passed by the CEGAT on 10th July 1998 for adjustment of MODVAT cess. Final adjustment orders are yet to be received.
9. During the period of assessment from 1st July, 1985 to 30th June, 1986 the Assistant Commissioner of Sales Tax (Assessment) IV passed an order dated 30th December, 1989 directing Zenith to pay Rs.7. 27 lacs Zenith filed an appeal against the said order before the Deputy Commissioner of Sales Tax (Appeals) IV, Maharashtra State, Mumbai on 26th February, 1990, which is pending.
10. During the period of Assessment from 1st July 1986 to 30th June, 1987, the Sr. Assistant Commissioner of Sales Tax (Assessment), Mumbai passed an order dated 7th August, 1999 directing Zenith to pay Rs.9.96 lacs. Zenith filed an appeal before Deputy. Commissioner of Sales Tax (Appeal) XI, Mumbai against the said order. The said Appellate Tribunal passed an order dated 29th November, 2004, whereby Zenith was held not entitled to any remission in interest in C.S.T. as remission in interest was already granted in B.S.T. at the time of Assessment only.
11. During the period of Assessment from 1st July, 1987 to 31st December, 1988 the Assistant Commissioner of Sales Tax (Assessment), Mumbai passed an order dated 30th March, 1992 whereby Zenith was directed to pay Rs.3.47 lacs Zenith has filed an appeal before the Deputy Commissioner of Sales Tax (Appeals) IV, Mumbai against the order on 21st April, 1992, which is pending.
12. Demand cum Show Cause Notice dated 24th March, 2006 received from the Asst Commissioner of Central Excise, Boisar, Thane claiming wrongful availment of CENVAT Credit on certain Capital Goods at our erstwhile Chemical Division at Boisar, Thane

CASES FILED BY ZENITH

CASES PERTAINING TO CRIMINAL LAWS

| Sr. No. | Case No. | Name of Opposite Party | Court before which litigation is Pending | Claim Amount (Rs. in lacs) | Current Status/Next Date of Hearing |
|----------------|--------------------------|-------------------------------|---|-----------------------------------|---|
| 1. | 106/N/00 | Harbanslal Sharma | Metropolitan Magistrate | 5.01 | Accused absconding Case Dormant |
| 2. | 2540/SS/ 03 | Modern Traders/ Sunil Shah | Metropolitan Magistrate, Mumbai | 4.00 | Zenith has filed an appeal forevision in the order so as to increase the compensation to Rs.4 lacs plus penalty. |
| 3. | 59/S/1996 and 1164/03 | V.D. Chokhani | High Court Mumbai | — | Yet to come up for hearing |
| 4. | CRPC 663/2003 | Paradyne Infotech Ltd. | District Court, Nashik | 0.80 | Next date of hearing is on 8th August, 2007 |

Case History

1. Zenith filed a complaint against Harbanslal Sharma in CB CID-Mumbai for cheating Zenith under Section 420 of Indian Penal Code and filed a suit for recovery of Rs.5.01 lacs. The Metropolitan Magistrate, 28th court passed an order to dispose off the property and to deposit a sum of Rs.2.30 lacs in fixed deposits in State Bank of India, Mumbai initially for the period of 12 months in the name of the learned Metropolitan Magistrate, 28th Court, Mr Risbud. Zenith is yet to recover the amount.
2. Zenith has filed a complaint under Section 138 of the Negotiable Instruments Act, in 2003 before the Metropolitan Magistrate, Mumbai, against M/s. Modern Traders and its proprietor, Mr. Sunil Shah for dishonour of a cheque for Rs.4.00 lacs drawn by Mr. Sunil Shah in favour of Zenith.



On 22nd June, 2006, the Proprietor of the firm Mr. Sunil Shah has been convicted by the court and imposed a fine of Rs.7 lacs, compensation of Rs.1 lac to Company and imprisonment of one month.

3. Zenith has filed a Criminal Application in the Mumbai High Court for leave to appeal against the order dated 25th March, 2003 passed by the Metropolitan Magistrate, Kurla, Mumbai acquitting Mr. V.D. Chokhani, an ex-employee of Indian Tool Manufacturers in a complaint filed by Zenith under Section 630 of the Companies Act, 1956. The Application has been admitted and is pending for hearing.
4. Zenith has filed Criminal Case of cheating u/s 420 of the Criminal Procedure Code as they failed to make payment for the old computer systems purchased from Zenith.

CASES PERTAINING TO CIVIL LAWS

| Sr. No. | Case No. | Name of Opposite Party | Court before which litigation is Pending | Claim Amount (Rs. in lacs) | Current Status/Next Date of Hearing |
|---------|---|--|--|----------------------------|--|
| 1 | ULP 01/04 | Vardhan Syntex Kamgar Sabha | Labour Court Akola | — | For Evidence |
| 2 | SS no.2083/83 | Amitabh Textiles Mills Ltd. | High Court, Mumbai | 5.05 | The case been disposed off. |
| 3 | Short Cause no.1497/ 87 | Khaitan Fenesty Holdings Pvt. Ltd. | City Civil Court, Mumbai | 0.29 | The case has been disposed off. |
| 4 | Summary Suit no.868 of 1994 | Khatri Bros. & Anr. Bros | High Court, Mumbai | 11.93 | Matter is pending |
| 5 | Suit no.3174 of 1992 | Khatri Bros. | High Court Mumbai | 12.26 | Execution of decreepending. |
| 6 | Suit no.2800 of 1992 | Shree Mahalaxmi Agencies Pvt. Ltd. | High Court Mumbai | 10.59 | Execution of decreepending. |
| 7 | RCS 99/97 | J.K.Textiles | City Civil Court, Khamgaon | 15.00 | Written statement on behalf of D(3) wherein D(3) has submitted that no relief shall be claimed against D(3) Appl made on 14 th November, 2005. Case pending since then. |
| 8 | CS 56/99 | K.S.Suppliers | City Civil Court, Khamgaon | 22.00 | Execution of decree pending. |
| 9 | CS 8/04 | Sandhya Enterprises | City Civil Court, Khamgaon | 1.46. | Matter is pending |
| 10 | Suit no 728 of 1982 | Modi Dyes & Chemicals Industries. | High Court Mumbai | 3.41 | Matter is pending |
| 11 | Suit no 4507/93 | K.K Goyal | High Court Mumbai | 2.57 | Matter is pending |
| 12 | 4526/2000 | Praj Industries Ltd. | High Court Mumbai | 80.76 | Yet to come up For hearing |
| 13 | 6620/1987 and First Appeal No 855 of 1990 | Board of Trustees Of Mumbai Port Trust | City Civil Court | 0.69 | Yet to come up For hearing |
| 14 | Suit No.3897 of 1988 | Indian Road ways corporation | High Court Mumbai | 4.49 | Yet to come up For hearing |
| 15 | S. S. No. 1798/83 | Kota Steel Re-rolling Mills Pvt Ltd. | High Court Mumbai | 1.97 | Execution of Decree pending |
| 16 | S. S. 3923 of 1988 | Deege Steel Traders | High Court, Mumbai | 8.72 | Decree is yet toBe executed |



| Sr. No. | Case No. | Name of Opposite Party | Court before which litigation is Pending | Claim Amount (Rs. in lacs) | Current Status/Next Date ofHearing |
|---------|---|--|--|----------------------------|---|
| 17 | C.P.No 18/85 | D.V. Raju Springs Pvt Ltd | High Court Hyderabad | 3.33 | Matter is pending |
| 18 | S.S. No 1210/1987 | Creations (India) | High Court Mumbai | 0.73 | Yet to come up For hearing |
| 19 | Appeal No. 769/98 in Com. Petition No.408/97 | Grand Foundry Limited | High Court Mumbai | 25.00 | Execution of decree is pending |
| 20 | C.P.No. 436/97 | Western Paques India Limited | High Court Mumbai | 85.00 | Execution of decree is pending |
| 21 | 1985/1994 | D.K. Mehta | High Court Mumbai | 3.74 | |
| 22 | 28/1997 | Ramson Enterprises | Punjab & Haryana High Court | 7.73 | 31 st August 2007 |
| 23 | 123 / 98 | Meghdoot Publishers & Ors- | Punjab and Haryana High Court | 11.11 | Appeal is pending |
| 24 | Civil Suit no.2 / 93and Civil Appeal no.20 / 2003 | State of Maharashtra thru Executive Engg. Raigad | Civil Judge Sr. Division at Panvel and Dist. Judge, Panvel And District Court at Alibaug, Raigad | Not ascertainable | Next date ofhearing fixed on18th July ,2007 |
| 25 | R.C.S. no.333 / 2004 | Maharashtra Industrial Development Corporation, Nashik | Court of Hon'ble Civil Judge, Senior Division, Nashik | Not ascertainable | Next date of hearingis awaited |
| 26 | Spl Civil Suit 10 / 2006 | Grinden India Pvt. Ltd. | Court of Civil Judge, Nashik | 26.00 | Yet to come up For hearing |

Case History:

1. Zenith has filed a case in Labour Court against the Labour Union for Declaration of strike by workers as illegal. The case is pending.
2. Zenith has filed a summary suit on 10th October, 1983 against Amitabh Textile Mills Limited for recovery of a loan granted by it to them and has claimed a sum of Rs.5.05 lacs with further interest on Rs.3.00 lacs at the rate of 17% p.a. from the date of the suit till payment or realization. The Defendants have been granted unconditional leave to defend the suit and the suit is pending.
3. Zenith had accepted a certain consignment of computer print out waste paper of Khaitan Fenesty Holdings Pvt. Ltd. ("KFH"), at Mumbai on the condition that the containers' demurrage and detention charges would be reimbursed to Zenith by them. KFH, however, paid only a part of the amount owed by them to Zenith. Zenith therefore filed a Short Cause Suit in the Mumbai City Civil Court on 13th February, 1987 to recover the balance amount of Rs. 0.29 lacs together with interest on Rs. 0.24 lacs at 21% per annum from the date of filing of the suit till payment.
4. Zenith has filed a Summary Suit in the Mumbai High Court against Mr. Hiralal Ratanlal Khatri and Mr Sanjay Hiralal Khatri for the recovery of Rs.11.92 lacs. The summons has been issued, but the defendants are absconding and the suit is pending.
5. Zenith had filed a suit dated 3rd September, 1992 in the High Court, Mumbai against M/s Khatri Brothers & Anr. to claim an amount of Rs.12.26 lacs being the amount owed under three invoices, and interest on the same up to the date of filing of the suit. An ex-parte decree was passed by the High Court on 23rd August 1993, granting the amount to Zenith.
6. Zenith has filed a suit in the year 1992, in the High Court, Mumbai against Shree Mahalaxmi Agencies Pvt. Ltd. for the recovery of Rs.10.58 lacs, being the principal and interest against the supply of Zinc Scrap by Zenith to them. The court has passed an ex-parte decree dated 30th June, 1998 in favour of Zenith. Shree Mahalaxmi Agencies Pvt. Ltd. is trying to negotiate with Zenith for settlement.



7. Zenith has supplied materials to the above party under various invoices, which were outstanding for payment. In spite of repeated reminders, the party failed to make payment. Hence, Zenith filed the suit for the recovery of its outstanding dues.
8. Zenith had filed a suit in the City Civil Court, Khamgaon on 29th September, 1999 to recover an amount of Rs.22.00 lacs from M/s. K.S.Suppliers, who had been appointed as a sales representative by Zenith. The Court has passed a decree in 2004 in favour of Zenith for Rs.14, 56,000/- with interest.
9. M/s Sandhya Enterprises were the agents of Zenith for a period from 1st April, 2002 to 31st March, 2003. M/s. Sandhya Enterprises was to sell goods and it was agreed by Zenith to pay brokerage or commission to them as per the contract. Under the given arrangement, an amount of Rs.1.45 lacs became due and outstanding to be paid to Zenith by M/s. Sandhya Enterprises and hence the present Suit was filed by Zenith to recover the said amount with appropriate interest. The matter is still pending.
10. Zenith had filed a suit in 1982 in the High Court, Mumbai against M/s. Modi Dyes & Chemicals. The Court passed an ex parte decree against M/s. Modi Dyes & Chemicals for Rs.3.40 lacs. The decree is to be executed by Zenith.
11. Suit filed for recovery of balance amount of car loan and liquidated damages for abandoning services while under contract. Ex-party decree passed in favour of Zenith could not be executed as the party is absconding.
12. Suit filed for recovery of balance amount of car loan and liquidated damages for abandoning services while under contract. Ex-parte decree passed in our favour could not be executed as the party is now absconding.
13. M/s. Praj Industries Ltd. had entered into a contract with Zenith for commissioning a ring dryer plant. The contract was breached by Praj Industries Ltd., and Zenith has filed a suit in the year 2000 in the High Court, Mumbai to recover the sum of Rs. 80.76 lacs inclusive of the interest accrued on the principal amount. The suit is pending and has not yet come up for hearing.
14. Suit No. 6620 of 1987 for recovery in respect of 65 bales of waste paper. The case came up for hearing several times and on 30.8.90. Hon. Justice Desai has passed order and a decree for Rs. 28275-04 with interest @ 6% p.a. has been passed in our favour. BPT has gone in for Appeal in High Court against Decree of Civil Court, where the matter is pending.
15. Zenith had an agreement for transportation of goods with the Indian Roadways Corporation. Indian Roadways Corporation failed and neglected to deliver the said goods to Zenith. Zenith has therefore filed a suit in the year 1988 in the High Court, Mumbai to recover Rs.4.49 lacs with interest, from the Indian Roadways Corporation. The matter is yet to come up for hearing.
16. The Mumbai High Court had passed an ex- parte decree dated 9th January, 1984 for Rs.1.96 lacs plus interest @20% per annum from 19th March, 1982 in favour of Zenith in a suit filed by Zenith against Messrs Kota Steel Re-Rolling Mills Private Limited. The decree was not executed and it is presently time-barred due to a lapse of 12 years. However Zenith is in the process of getting an extension of time for execution of the decree.
17. Recovery Suit filed by Zenith. The Court has passed ex-parte decree in Company's favour for sum of Rs.8.72 lacs, which is yet to be executed as the property declared by the partners of Defendant's firm are not sufficient to recover full dues.
18. Zenith had filed a suit in the year 1985 against D.V.Raju Springs Private Limited for the recovery of Rs.3.33 lacs in the High Court, Hyderabad. The Defendant Company has been wound up and Zenith has filed its claim with the Official Liquidator, Hyderabad and the matter is still pending.
19. Zenith and Creations (India) had agreed that Creations (India) would arrange for an irrevocable letter of credit from the Minerals & Metals Trading Corporation of India Limited, New Delhi, for Zenith on the payment of an advance of Rs. 0.50 lacs. On failure on the part of Creations (India) to do so, Zenith has filed a suit in the year 1987 in the High Court, Mumbai for the recovery of Rs.0.73 lacs alongwith interest. The suit is yet to come for hearing.
20. Zenith had filed a Petition in the Mumbai High Court on 4th April, 1997 for winding up of Grand Foundry Limited ("GFL") because GFL had failed to repay Rs.25.00 lacs, which was part of the Inter-Corporate Deposit granted by Zenith to GFL. The Court, by an order dated 10th July, 1998, admitted the Petition. GFL filed an appeal against the said order, which was dismissed. However, the amount is still recoverable as the party has been referred to BIFR.
21. Zenith has filed a company petition in the High Court, Mumbai, for winding up of Western Paques (India) Ltd. ("WP") because WP failed to pay the outstanding principal and interest of Rs. 85.00 lacs towards inter-corporate deposit given to it by Zenith. The court has ordered for the winding up of the party in 1999. We are in the process of filing our claim with the official liquidator.



22. Zenith has filed a suit in the year 1994 in the High Court of Mumbai against Mr. Devendra Kumar Mehta to recover a sum of Rs.3.74 lacs towards an amount advanced to him for the purchase of accommodation, including interest on the same. The suit is yet to come up for hearing.
23. Zenith had filed civil suit No. 37/93 against Ramson Enterprises, for recovery of Rs.7.72 lacs in the Punjab & Haryana High Court, which was stayed vide an order dated 27th September, 1993, till the decision of the previous suit, instituted by the petitioner at Delhi.
24. Zenith has filed an appeal dated 10th January 1992 in the Punjab and Haryana High Court against the award dated 10th March 1998 of the Arbitrator directing Zenith to pay Rs.2.50 lacs to Meghdoot Publishers towards security deposit lying with Zenith and rejecting Zenith's claim of Rs.11,11,942/- towards material supplied to Meghdoot Publishers. The appeal is pending
25. The said suit was filed against the State of Maharashtra for restraining Zenith from lifting the water from the Patalganga River and charging exorbitant rate for water drawn. The Hon'ble Court passed the judgement on 20.10.2003 in favour of Zenith, allowing it to un-interrupted lifting of water at only the prescribed nominal rate. The State of Maharashtra has now gone into appeal in the District Court at Alibaug against the said judgement and the matter is pending.
26. On 6th July, 2004, MIDC issued a notice of repossession of Plot no.61 that has been leased to Zenith. In spite of repeated request, MIDC refused to withdraw the notice. Hence Zenith has filed a case, seeking injunction against MIDC for taking possession of the said plot of land.

On 30th September, 2004 the Hon'ble Court has issued a stay order to MIDC from repossessing the plot till the final disposal of the matter.

27. Case filed by Zenith towards recovery of dues for supply of materials.

CASES PERTAINING TO EXCISE / CUSTOMS/

INCOME TAX / SALES TAX LAWS

| Sr. No. | Case No. | Name of Opposite Party | Court before which litigation is Pending | Claim Amount (Rs. in lacs) | Current Status/Next Date ofHearing |
|----------------|-------------------------------------|--|---|-----------------------------------|--|
| 1. | F. No. 161-CE/ APPLNGP / 95 / 13981 | Central Excise Dept | CEGAT, Mumbai | 28.60 | An appeal has been file in CEGAT claiming the refund of the duty, final orderfor which is expected soon. |
| 2. | 1829/82 | Custom Department | High Court Mumbai | 2.96 | Yet to come upfor hearing |
| 3. | — | Excise Department | High Court Mumbai | 41.32 | Matter is pending |
| 4. | 7591 / 2004 | Commissioner of Central Excise & Custom | High Court Mumbai | 13.69 | Matter is pending |
| 5. | — | Joint Comm. Sales Tax Bangalore | Karnataka Appellate Tribunal | 13.82 | 04 th April 2007 |
| 6. | W.P. No.3419 of 1996 | P.F. Commissioner | High Court bench at Aurangabad | 4.01 | The matter is pending |
| 7. | S. S. 1220 / 97 | Sales Tax Officer, New Delhi | Delhi High Court | 58.03 | Matter is pending |
| 8. | — | Asst.Comm Sales Tax, Kolkata | CTO Kolkata | 21.30 | Matter is pending |
| 9. | — | Asst.Comm Sales Tax, Kolkata | CTO Kolkata | 5.66 | Matter is pending |
| 10. | — | Asst Comm of Central Excise, Boisar, Thane | Commissioner of Central Excise, Mumbai | 5.49 | Yet to come up forhearing |



Case History:

1. Case pertains to product classification disputes. Excise authorities demanded the pre-deposit of rate difference in duty, before the case is heard. Later the matter was settled and the pre-deposit was refunded by the department. However, immediately after that the department claimed it back treating it as an erroneous refund, which has been paid forthwith.
2. Zenith had imported certain goods, in respect of which the Customs Authority did not accept the CIF value as declared in the contract, invoice and bill of entry and enhanced the same arbitrarily. Zenith has therefore filed a writ petition in the Mumbai High Court in the year 1986 under Articles 14, 19(1) (g), 226, 265, 300A and 301 of the Constitution of India and under the Customs Act, 1962. Zenith has given a bank guarantee for Rs.2.95 lacs. Zenith has also undertaken that in case the petition fails, the Customs Authority would be entitled to the amount with interest at the rate of 18% per annum. The case is pending.
3. Zenith has filed a Writ Petition on 5th October, 1984 in the High Court, Mumbai, for the refund of customs tariff. The High Court passed an order dated 10th April, 2002 stating that Zenith is entitled to a refund of Rs.41.32 lacs. However, the amount is not yet paid by the Customs authorities.
4. Zenith filed a Writ Petition in the High Court, Mumbai claiming refund of access excise duty of Rs. 13.69 lacs which was granted to Zenith vide an order to the commission dated 2nd February 2000, but was not refunded by the customs department. The court has passed an interim order, directing the Assistant Commissioner to enquiry on the issue of unjust enrichment". The report is still awaited and the Petition is therefore pending.
5. As per the Assessment Order dated 18th June 2003 passed by the Deputy Commissioner of Commercial Taxes (Assts.), Bangalore under Section 13(5) of the Karnataka Tax on Entry of Goods Act, 1979 for the Assessment year 2000-01, Zenith was liable to pay an amount of Rs.13.81 lacs. Zenith appealed before the Joint Commissioner of Commercial Taxes (Appeals), Belgaum but the appeal was dismissed on 14th July 2004. Zenith has appealed before the Karnataka Appellate Tribunal at Bangalore on 30th August 2004 against the order dated 14th July 2004 and the appeal is pending.
6. Zenith's Aurangabad section was entitled to be exempted from the provisions of the Employees Provident Fund Act, 1952 for a period of three years from the date of its set up, i.e. 25th July, 1989, as per Section 16(d) of the Employees Provident Fund Act, 1952. Accordingly, Zenith claimed "infancy protection" from the Assistant Regional Provident Fund Commissioner, Employees Provident Fund Organisation ("ARPF") but the ARPF proceeded to claim the amount of Rs.4.00 lacs from Zenith for the period from 25th July, 1989 to 31st March, 1992 under the said Act, by an order dated 8th February, 1996. Zenith filed an Application dated 12th March, 1996 for review of the impugned order, but Zenith's plea was not granted and it was directed to pay the amount. Zenith has filed a writ petition in the High Court, Mumbai on 17th April, 1996 praying that the order be quashed and set aside. The petition is pending.
7. Zenith filed the suit in Delhi High Court against the Sales Tax Department challenging their assessment order for AY 1990 – 91 demanding Rs.58.04 lacs and also against the order of the Sales Tax Appellate Tribunal. Zenith has also challenged the constitutional validity of the Central Government appointing certain statutory authorities.
8. In August 2003, the Sales Tax Department (West Bengal) claimed Rs. 21.30 lacs from Zenith for the financial year 2000-01. Zenith has disputed the claim under Section 82 of the West Bengal Sales Tax Act, 1994 read with Rule 257 and 240 of the West Bengal Sales Tax Rules, 1995 read with section 9(2) of the Central Sales Act, 1956.
9. In March 2004, the Sales Tax Department (West Bengal) claimed Rs. 5.66 lacs from Zenith for the financial year: 2001-02. Zenith has disputed the claim under section 82 of the West Bengal Sales Tax Act, 1994 read with Rule 257 and 240 of the West Bengal Sales Tax Act, 1995 read with section 9(2) of the Central Sales Act, 1956.
10. Application filed for stay against the recovery of Excise Duty and penalty on sale of scrap

INCOME TAX ORDER

| Sr. No. | Date / Year | Name of Opposite Party | Court/ Authority before which matter is pending | Matter | Current Status /Next Date of Hearing |
|---------|------------------------------|------------------------|---|-----------------------------|--|
| 1. | 19 th April, 2005 | Income Tax Dept | DCIT 1(3), Mumbai | Assessment Order Challenged | Penalty proceedings u/s 271(1)(c) for A.Y. 2002-03 |
| 2. | 19 th April, 2005 | Income Tax Dept | ACIT 1(3), Mumbai | Assessment Order Challenged | Penalty proceedings u/s 271(1)(c) for A.Y 2001-02 |



| Sr. No. | Date / Year | Name of Opposite Party | Court/ Authority before which matter is pending | Matter | Current Status /Next Date of Hearing |
|---------|------------------------------|------------------------|---|-----------------------------|---|
| 3. | 29 th April, 1992 | Income Tax Dept | ITAT | Assessment Order Challenged | Disallowance of Various expenses for A.Y. 1989-90 |
| 4. | — | Income Tax Dept | ITAT | Assessment Order Challenged | Disallowance of various expenses for A.Y. 1995-96 |

Sales Tax Assessment Order challenged (Indian Tool Division)

| Sr. No. | Assessment Order Challenged | Assessing Authority | Date Instituted | Claim Amount (Rs. in lacs) | Remark |
|---------|-----------------------------|---------------------|---------------------------------|----------------------------|----------------------|
| 1 | CST Kolkata | CST Kolkata | July 1986 | 2.41 | Sales Tax F.Y. 81-82 |
| 2 | CST Kolkata | CST Kolkata | 10 th November, 1987 | 0.91 | Sales Tax F.Y. 82-83 |
| 3 | CST Kolkata | CST Kolkata | 14 th December, 1992 | 1.87 | Sales Tax F.Y. 83-84 |
| 4 | CST Kolkata | CST Kolkata | 29 th December, 1993 | 0.36 | Sales Tax F.Y. 84-85 |
| 5 | CST Kolkata | CST Kolkata | 25 th June, 1991 | 2.75 | Sales Tax F.Y. 86-87 |
| 6 | CST Kolkata | CST Kolkata | 28 th June, 1995 | 1.90 | Sales Tax F.Y. 92-93 |

All the above case matters are disputed U/s 20 of the BF (ST) Act, 1941 read with Section 9(2) of the CST Act, 1956

Amounts due to small-scale undertakings

There are no small scale undertakings to which the company owes a sum exceeding Rs. 1 lac outstanding for more than 30 days as on 31st March, 2007

Material Developments since the Last Balance Sheet Date:

There are no material developments since the last balance sheet date.

Other than the above, in the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this Offer Document, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months other than as disclosed in the offer document.



GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by the company for carrying on the present business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

| Sr. No. | Issuing Authority | Registration/ LicenseNo. | Nature ofRegistration/License | Validity / Date |
|---------|--|-----------------------------------|---|-----------------|
| 1 | Registrar of Companies | 13198CIN – L99999 MH1965PLC013198 | Certificate of Incorporation | - |
| 2 | Ministry of Industrial Development – India | L/12-2/119/65 MEI | Industrial License for Broach Manufacturing at Thane | - |
| 3 | Ministry of Industrial Development – India | L/12-2/1/74/IME | License for Broach Manufacturing at Aurangabad | - |
| 4 | Ministry of Industrial Development – | C/IL/57(76) | License for manufacturing of Spline Gauges | - |
| 5 | Ministry of Industrial Development – | IL/S/54(76) | License for manufacturing of Rolls for Rolling Mills | - |
| 6 | Ministry of Industrial Development – | L/9/216/72 – MT | License for manufacturing of Broach Sharpening machine | - |
| 7 | Ministry of Industrial Development – | C:IL:118(76) | License for manufacturing of Metal Slitting Sauce | - |
| 8 | Ministry of Industrial Development – | C:IL/71(78) | License for manufacturing of Spline Mandrels, Master Gears & Index Plates | - |
| 9 | Ministry of Industrial Development – | LI/360/79/1L | License for manufacturing of End Mills Profiled Tools & Other Cutters | - |
| 10 | Ministry of Industrial Development – | L/12-2/9/72 HM | License for manufacturing of Gear Hobs, shaper cutter, shaving cutters | - |
| 11 | Director of Income Tax | AAACD1812A | Permanent Account Number | - |
| 12 | National Securities Depository Limited | NSKD01719E | Tax Deduction Account Number for Aurangabad | - |
| 13 | National Securities Depository Limited | PNED03234A | Tax Deduction Account Number for Thane for Salary | - |
| 14 | National Securities Depository Limited | MUMD09827G | Tax Deduction Account Number for Thane other than Salary | - |
| 15 | Central Excise Department | AAACD1812AXM001 | License for Gear Cutting Tool Division Aurangabad | - |
| 16 | Central Excise Department | AAACD1812AXM003 | License for Aurangabad Unit 2, 3 & 4 | - |



| Sr. No. | Issuing Authority | Registration/ LicenseNo. | Nature ofRegistration/License | Validity / Date |
|---------|--|--------------------------------------|--|--------------------------------|
| 17 | Central Excise Department | AAACD1812AXM002 | License for Thane Factory | - |
| 18 | Maharashtra Government | 53666 | Factory License | - |
| 19 | Maharashtra Government | 57093 | Factory License for Aurangabad unit 2, 3 & 4 | - |
| 20 | Maharashtra Government | 57026 | Factory License for Gear Cutting Tool Division | - |
| 21 | Ministry of Finance | ST/MUM/DIV-VI/ BAS/144/04 | Service tax Registration for Thane | - |
| 22 | Ministry of Finance | 119/ST/BAS/2004 | Service tax Registration for Aurangabad Unit 2, 3 & 4 | - |
| 23 | Ministry of Finance | 120/ST/BAS/2004 | Service tax Registration for Gear Cutting Tool Division Aurangabad | - |
| 24 | Sales Tax Department – Maharashtra | TIN 27240299352V | State Sales Tax Registration Number for Thane | - |
| 25 | Sales Tax Department – Maharashtra | TIN 27240299352V | State Sales Tax Registration Number for Aurangabad Unit 2, 3, 4 & Gear Cutting Tool Division | - |
| 26 | Sales Tax Department – Maharashtra | TIN 27240299352C | Central Sales Tax Registration Number for Thane & Aurangabad Units | - |
| 27 | TUV Management Services, GmbH | 12 100 9649 TMS | ISO 9001:2000 for Thane Unit | 14 th April 2010 |
| 28 | BVQi (Holding) S.A. | 142196 | ISO 9001:2000 for Aurangabad Unit 2,3 & 4 | 19 th November 2009 |
| 29 | BVQi (Holding) S.A. | 139660 | ISO 9001:2000 for Aurangabad Gear Cutting Tool Division | 16 th November 2009 |
| 30 | Reserve Bank of India | BD – 000166 | RBI Code | |
| 31 | Ministry of Commerce (Director General of Foreign Trade) | IEC0388052198 | Certificate for Importer Exporter Code for Thane & Aurangabad Units | - |
| 32 | Engineering Export Promotion Council | RCMC:B: MFG:5788:2004-05 | Registration Cum Member ship certificate under Export Import | 31 st March 2009 |
| 33 | Maharashtra Pollution Control, Board- Thane | MPCB/SROT-I /NNM/R/CC/11 | Pollution License for Thane Unit | 31 st December 2007 |
| 34 | Pollution – Aurangabad (Gear Cutting Tool Div.) | ROA/SUK/ABD/E-25/ 98/R/C – 34/339 | Pollution License | 30 th June 2013 |
| 35 | Pollution – Aurangabad (Broach Div.) | ROA/SUK/ABD/E-25/ 98/R/C-45/790 | Pollution License | 30 th June 2010 |
| 36 | Gujarat Electricity Board | KC/TECH-2/05/2092 | License for connection of Electricity dated 28/02/2005 | - |
| 37 | Ministry of Commerce & Industry (For Gandhidham Project) | 5007/SIA/IMO/2004 | Secretariat for Industrial Assistance | - |



| Sr. No. | Issuing Authority | Registration/ LicenseNo. | Nature ofRegistration/License | Validity / Date |
|---------|---|---|--|-------------------------------|
| 38 | Office of Superintendent of Central Excise – Gandhidham | Letter Number F.No. C.Ex./ GIM/15-02/ 39/05 – 06 dated 2 nd June, 2005 | Setting up of new unit and avail of refund of Excise Duty under Notification No. 39/2001 – CE dated 31 – 07 – 2001 | - |
| 39 | Gujarat Pollution Control Board | No: Unit – 3/FT – 186/2406 dated 26 th August, 2005 | Pollution License | 25 th August, 2010 |
| 40 | Ministry of Commerce and Industry | 5007/SIA/IMO/2004 dated 29 th December 2004 | IEM Licence | - |
| 41 | Ministry of Commerce and Industry | 4168/SIA/IMO/2005 dated 30 th August 2005 | IEM Licence | - |
| 42 | Ministry of Commerce and Industry | 4970/SIA/IMO/2005 dated 21 st October 2005 | IEM Licence | - |
| 43 | Sales Tax Department Gujarat | 240110033486 | Central Sales Tax Registration Number for Gandhidham | - |
| 44 | Sales Tax Department Gujarat | 24511003348 | State Sales Tax Registration Number for Gandhidham | - |
| 45 | Joint Commissioner of Industries (Incentive Branch) | IC/INC/Kutch-/STR/80 | For incentives related to Sales Tax, Excise & Power | - |
| 46 | Ministry of Finance | AAACD1812AXM004 | Excise Duty Payment | - |
| 47 | Central Excise Department | AR/GIM/GTA-243/06/06 | Service Tax Registration Number | - |
| 48 | Ministry of Safety & Health | 128 dated 20 th February 2006 | For Plan approval | |
| 49 | Sales Tax Department Gujarat | NO/IC/INC/T.5/Kutch Package/ST/853 | Sales Tax for Scheme Gandhidham Unit | 30th December, 2012 |

Aurangabad Project:

The Company has not applied for any approvals required from Government for setting up Aurangabad Project.



SECTION VII: REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on 17th June 2005 and by a Special Resolution passed under section 81(1A) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 22nd July 2005.

PROHIBITION BY SEBI

The Company, its directors, its Promoters except Godavari Corporation Pvt. Ltd.*, and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's directors are associated as directors 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.

*On 5th January, 2007, SEBI has passed an order against Schimitar Investment and Trading Corporation Limited (now amalgamated with Godavari Corporation Private Limited). For details please refer to page no. 14 of this Offer Document.

ELIGIBILITY FOR THE COMPOSITE ISSUE

For Rights Issue

The Company is a listed Company whose equity shares are listed on BSE. The Company is eligible to offer this rights issue in terms of clause 2.4.1 (iv) of the SEBI (DIP) Guidelines, 2000.

For Public Issue

The Company is eligible to access the capital market through public issue of equity shares as per Clause 2.3.1 of SEBI (Disclosure & Investor protection) Guidelines, as it is an existing listed company on The Bombay Stock Exchange Limited.

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters contribution through the offer document), issue size does not exceed 5 times its pre issue net worth as per the audited balance sheet of the last financial year i.e. 2006-2007. The above is illustrated below:-

Rs. In Lacs

| | |
|--|-----------|
| Offer through Offer document | 2,900.00 |
| All Previous Issues made in the same financial year in terms of size (i.e. offer through offer document – firm allotment – Promoters' contribution through the offer document) | 0.00 |
| Net worth as per audited balance sheet for year 2006 – 07 | 2389.15 |
| 5 times the Net worth results in the company eligible to raise | 11,945.75 |

There has been no change in the name of the company in last year from the date of filing of offer document.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT OFFER DOCUMENT HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI). IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF DRAFT OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED/ 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 OFFER IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT OFFER DOCUMENT. THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE OFFERER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER CENTRUM CAPITAL LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 09th MARCH 2007 WHICH READS AS FOLLOWS:



1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT OFFER DOCUMENT PERTAINING TO THE SAID OFFER;**
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 OFFER, 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 OFFER DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
- b. **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE 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 OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO INVESTMENT IN THE PROPOSED OFFER;**
- d. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT OFFER DOCUMENT ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT OFFER DOCUMENT WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT OFFER DOCUMENT.

THE FILING OF THE DRAFT OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE 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 LEAD MANAGER (MERCHANT BANKER) ANY IRREGULARITIES OR LAPSES IN THE DRAFT OFFER DOCUMENT.

GENERAL DISCLAIMER

The Company, the Directors and the Lead Manager accept no responsibility for statements made otherwise than in the Offer Document or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website, www.daggerforst.com would be doing so at his/her own risk.

All information shall be made available by the Company and the Lead Manager 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 centers etc.

GENERAL DISCLAIMER OF THE ISSUER

The Company accepts full responsibility for the accuracy of the information given in this Offer Document and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which makes any statement in this Offer Document misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The Company further declares that the Stock Exchange to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this proposed composite issue or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Offer Document.

The Promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Offer Document has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement /misrepresentation and in the event of its transpiring at any point of time till allotment /refund, as the case may be, that any information/material has been suppressed/withheld and /or amounts to an misstatements/misrepresentation, the promoters /directors undertake to refund the entire application monies to all subscribers within seven days thereafter without prejudice to the provision of section 63 of the Companies Act, 1956.

The issuer will update the Offer Document and keep the public informed of any material changes in the document till the listing and trading.



DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares), permitted Insurance Companies and to non-residents including NRIs and FIIs as defined under the Indian Laws. This Offer Document does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued 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 Offer Document comes is required to inform himself / herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Offer Document has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Offer Document may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Offer Document nor any sale hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/ RBI do not take any responsibility for the financial soundness or correctness of the statements disclosed in this Offer Document.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (BSE):

As required, a copy of the Draft Offer Document has been submitted to BSE (the Designated Stock Exchange). The BSE has given vide its letter no. DCS/PREF/SM/IP-RT/316/07-08 and DCS/IPO/SC/IPO-IP/0236/2006-07 dated May 11, 2007 granted permission to this Company to use the BSE's name in this draft offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The BSE does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Offer Document ; or
- b) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- c) take any responsibility for the financial or other soundness of this Company, its Promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Draft Offer Document has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

A copy of the Draft Offer Document has been filed with the Corporate Finance Department of SEBI at SEBI Bhavan, C-4A, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Offer Document, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Lines, Mumbai – 400 020, Maharashtra and a copy of the Offer Document to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

LISTING

The existing equity shares of the company are listed on BSE (Designated Stock Exchange). Initial listing applications have been made to The Bombay Stock Exchange Ltd for permission to list the Equity Shares and for an official quotation of the equity shares of the Company.

In case, the permission for listing of the equity shares is not granted by Bombay Stock Exchange Ltd., the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Offer Document. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then the Company and every director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.



Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Tax Auditors, Legal Advisors, the Banker to the Issue, Bankers to the company; and (b) Lead Manager and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Offer Document, with the Registrar of Companies, Maharashtra, Mumbai and such consents have not been withdrawn up to the time of delivery of this Offer Document for registration.

M/s. Chaturvedi & Shah, Auditors of the Company, have given their written consent to the inclusion of their report except tax benefits report and tax shelters report in the form and context in which it appears in this Offer Document and such consent and report has not been withdrawn up to the time of delivery of this Offer Document.

M/s M.K. Sureka & Co., Tax Auditors of the Company, have given their written consent to the inclusion of their tax benefits reports and tax shelters report in the form and context in which it appears in this Offer Document and such consent and report has not been withdrawn up to the time of delivery of this Offer Document.

EXPERT OPINION

Except as stated elsewhere in this Offer Document, the Company has not obtained any expert opinions.

EXPENSES OF THE ISSUE

The expenses of the Issue include interalia underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

| Activity | Amount (Rs. In Lacs) | % of the total issue expenses | % of total issue size |
|---|-------------------------|----------------------------------|--------------------------|
| Lead Manager & Registrar Fees, Audit Fees & Consultancy | 90.00 | 30.00 | 3.10 |
| Printing & Stationery / Dispatch | 40.00 | 13.33 | 1.38 |
| Brokerage & Selling Commission | 80.00 | 26.67 | 2.76 |
| Advertisement & marketing Expense | 45.00 | 15.00 | 1.55 |
| Other Expenses (Listing Fees, Depository Charges etc.) | 45.00 | 15.00 | 1.55 |
| TOTAL | 300.00 | 100.00 | 10.34 |

FEES PAYABLE TO THE LEAD MANAGER

The total fees payable to the lead manager will be as per the memorandum of understanding executed between the Company and the Lead Manager dated 7th March, 2007 a copy of which is available for inspection at the Registered Office.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, M/s. Intime Spectrum Registry Limited will be as per the Memorandum of Understanding between the Company and the Registrar dated 7th March, 2007 copy of which is available for inspection at the registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.



BROKERAGE AND SELLING COMMISSION

Brokerage will be paid by the Company at the rate of 1.5% on the issue price of Equity Shares offered to the public on the basis of allotment made against applications bearing the stamp of the members of any recognized Stock Exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the Broker's column.

PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

The company has not made any issue during the last five years.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH:

For details please refer to section entitled 'Capital Structure of the Company' on page no. 9 of this Offer Document.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES:

DFTL has made only one public issue since its inception and has paid brokerage @1.5% on the issue price of the equity shares on the basis of allotment.

PARTICULARS IN REGARD TO DFTL AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING SECTION 370(1)(B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

Neither DFTL nor any other listed companies under the same management within the meaning section 370(1)(B) of the Companies Act, 1956 except Zenith Birla (India) Limited and Birla Power Solutions Limited, has made any capital issue during the last three years.

PROMISES vs. PERFORMANCE:

Issuer Company

PUBLIC ISSUE 1985

The Company had gone for Public Issue during the year 1985 to comply with the FERA regulations pertaining to limit of Foreign Shareholding in the Company. Further, there were no promises made in the said issue.

RIGHT ISSUE 1992

In the year 1992, the Company made a Rights Issue of Equity Shares at a premium of Rs 20 per share aggregating Rs 655 lacs to part-finance the cost of

- Modernisation /Renovation of various plants of the Company
- Redemption of Debentures and repayment of long-term liabilities
- Setting up a new project to manufacture induction hardened rolls and
- To augment long term resources of the Company,

As per the above objects, the Company implemented the modernization project and redeemed the debentures/ long-term loans as per schedule. However, the company abandoned the project for manufacture of induction hardened rolls as the same was found to be commercially unviable. The Cost of the project was Rs 225 lacs, and the money raised against this project was utilized for further modernization of the existing units as well as for augmenting the long term resources of the Company.

Actual Performance Vis-à-vis Projections in the Letter of Offer.

(Rs. in lacs)

| | Projections | | | Actuals | | |
|-----------------------|-------------|------|---------|---------|---------|--------|
| Year ending March, 31 | 1994 | 1995 | 1996 | 1994 | 1995 | 1996 |
| Sales 1173 | 1263 | 1351 | 1205.60 | 1340.74 | 1894.09 | |
| Profit before Tax | 120 | 151 | 172 | 78.60 | 160.22 | 271.30 |
| Profit After Tax | 89 | 98 | 104 | 72.60 | 76.73 | 245.30 |



RIGHTS ISSUE-1996

Since no financial projections were given in the Rights Issue Offer Document of 1996, no comparison is necessary.

As regards Schedule of Implementation of the modernization-cum-expansion project, the same is given below:

| | Activity | Projected Completion | Actual Completion | Reason for Variation |
|----|------------------------------------|----------------------|-------------------|---|
| 1. | Civil Construction of Building. | August, 1996 | August 1996 | — |
| 2. | Delivery of main Plant & Machinery | January, 1997 | September 1997 | Suppliers delayed supply of the machine. |
| 3. | Trial Run & Commercial Production | February, 1997 | October 1997 | Due to delay in supply of some of the machines. |

As it is a modernization-cum-expansion project, Trial Run & Commercial Production commenced on installation of machines.

Listed Venture of the promoters

Birla Transasia Carpets Limited:

In April 1978, BTCL came out with an issue of 7,93,800 Equity Shares of Rs. 10 each offered to Public for subscription for cash at par aggregating Rs. 79 Lakhs, which closed on May 08, 1978. The object of the Issue was to set up the plant for manufacturing tufted Carpets and Wilton /Ax - Minister Carpets at Sikandrabad Industrial Area, District Bulandshahar (Uttar Pradesh). The capacity of the plant will be 2.5 (two point five) Million Pounds with Four Looms. The estimated cost of project is Rs. 454.00 lacs. BTCL had not made any projections in the offer document

3M India Limited:

In February 1991, 3M India Limited came out with a Public issue of 6, 00,000 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 60 lacs and 5, 00,000 12.5% Secured Partly Convertible Debentures of Rs. 100 each for cash at par aggregating Rs. 500 lacs which closed on February 22, 1991. The object of the Issue was to raise funds to manufacture specialty pressure sensitive coated tapes for medical / surgical and packaging applications, specialty chemicals and working capital requirements of the Company. The total cost of project was 1320 lacs. 3M India Limited had not made any projections in the offer document.

Birla Kennametal Limited:

In July 1990, Birla Kennametal Ltd. came out with a Public Issue of 17, 98,840 Equity Shares of Rs. 10 each. The issue closed on July 19, 1990. The object of the Issue was to part finance the cost of project for manufacturing of tool holders and work holders for CNC and conventional machine tool. BKL had not made any projections in the offer document.

Birla Power Solutions Limited:

In November 1985, Birla Power Solutions came out with an issue of 27,20,000 Equity Shares of Rs. 10 each for cash at par. The object of the Issue was to part finance the cost of the project for manufacturing 75,000 Portable Generator sets (0.5 KW to 4.0 KW) and 25, 000 additional engines (multi purpose engines) and to meet issue expenses. BPSL had not made any projections in the offer document

In April 2006 BPSL came out with a public issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32 per share (i.e. issue price of Rs. 42/- per share) aggregating to Rs. 5040 Lacs vide the prospectus dated March 08, 2006. The issue opened on Friday March 24, 2006 and closed on Wednesday March 29, 2006.

The main objects of the issue were:

- To finance the cost of expansion of the capacities of the existing products of the company viz. Diesel Genset, Multi Purpose Engines, Alternators and Fuel Tank
- To finance the setting up of a new plant for manufacturing LPG/CNG Gensets, Inverter, Engines and Acoustic Hoods
- To meet the margin money for working capital requirement
- To meet the expense of the issue



The funding requirement and means of finance are given below:

Funds Requirement

(Rs. In lacs)

| Sr. No. | Particulars | Amount |
|---------|-------------------------------------|----------------|
| 1. | Factory Building | |
| | Site Development | 100.00 |
| | Building & Civil work | 920.52 |
| 2. | Purchase of Assets | |
| | Plant & Machinery | 1,818.19 |
| | Miscellaneous Fixed Assets | 496.70 |
| 3. | Preliminary & Preoperative Expenses | 102.10 |
| 4. | Contingencies | 333.54 |
| 5. | Issue Expenses | 350.00 |
| 6. | Margin Money for Working Capital | 918.95 |
| | Total | 5040.00 |

MEANS OF FINANCE

(Rs. In lacs)

| Sr. No. | Particulars | Amount |
|---------|----------------------|----------------|
| 1. | Equity Share Capital | 5040.00 |
| | Total | 5040.00 |

Zenith Birla (India) Limited:

In December 1991, Zenith Birla (India) Limited made a right issue of 95,91,044 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 9,59,10,440 which closed on January 18, 1992. The object of the issue was to augment the long term resources of the Company for meeting working capital requirements including normal capital expenditure. Zenith Birla (India) Limited had not made any projections in the offer documents.

The Company has come out with a follow-on Public Issue of 2,38,18,182 Equity Shares of Rs.10/- each offered at a fixed price of Rs.55/- per share (including a premium of Rs.45/- per share) aggregating to Rs.13,100 Lacs to finance its expansion project, working capital requirements and to meet the issue expenses. The said issue was opened for subscription on 16th October, 2006 and closed on 20th October, 2006. The issue was fully subscribed and the basis of allotment was finalized in consultation with the Bombay Stock Exchange Ltd. and the new equity shares were listed on BSE with effect from 21st November, 2006.

The objects of the present issue of equity shares are:

1. Setting up additional facilities for manufacture of Mechanical tubes
2. Working Capital (existing business)
3. Margin Money for Working Capital (Mechanical tube Business)
4. To meet the issue expenses.



FUND REQUIREMENT

The total fund requirement is detailed below:

| Sr. No. | Description | (Rs. In lacs) |
|---------|--|---------------|
| 1 | Mechanical Tube Project | 8822 |
| 2 | Preliminary & Pre Operative Expenses | 150 |
| 3 | Contingency | 221 |
| 4 | Working Capital (existing business) | 2150 |
| 5 | Margin Money for Working Capital (mechanical tube) | 557 |
| 6 | Public Issue Expenses | 1200 |
| | Total | 13100 |

MEANS OF FINANCE

| Sr. No. | Description | (Rs. In lacs) |
|---------|---|---------------|
| 1 | Promoters Participation in Public Issue | 2500 |
| 2 | Proceeds from the Public Issue | 10600 |
| | Total | 13100 |

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:

The Company has no outstanding debentures or bond issue or redeemable preference shares.

STOCK MARKET DATA FOR THE ISSUER COMPANY'S EQUITY SHARES

The stock market data as taken from the website of The Bombay Stock Exchange Limited are mentioned hereunder:

| Period | HIGH | | | | LOW | | | | Average Price (Rs.) |
|---------------|------------|----------|----------------------|----------------------------|------------|----------|---------------------|----------------------------|---------------------|
| | Rate (Rs.) | Date | No. Of shares traded | Net Turnover (Rs. In Lacs) | Rate (Rs.) | Date | No of shares traded | Net Turnover (Rs. In Lacs) | |
| 2004 | 53.85 | 21.12.04 | 202841 | 104.39 | 12.00 | 26.03.04 | 2552 | 0.35 | 32.93 |
| 2005 | 122.00 | 19.09.05 | 31989 | 37.84 | 32.15 | 25.01.05 | 1518 | 0.51 | 77.08 |
| 2006 | 102.90 | 04.05.06 | 2815 | 2.68 | 37.90 | 24.07.06 | 1250 | 0.50 | 70.40 |
| January 2007 | 93.25 | 10.01.07 | 131403 | 114.44 | 61.35 | 02.01.07 | 1010 | 0.63 | 77.30 |
| February 2007 | 75.80 | 06.02.07 | 141018 | 102.59 | 53.55 | 28.02.07 | 8197 | 4.46 | 64.68 |
| March 2007 | 59.00 | 20.03.07 | 32651 | 18.74 | 45.10 | 12.03.07 | 5655 | 2.74 | 52.05 |
| April 2007 | 51.75 | 09.04.07 | 6886 | 3.40 | 43.35 | 30.04.07 | 7457 | 3.45 | 47.55 |
| May 2007 | 59.75 | 22.05.07 | 19698 | 11.43 | 45.40 | 07.05.07 | 3313 | 1.53 | 52.58 |
| June 2007 | 68.00 | 26.06.07 | 16538 | 11.05 | 49.15 | 28.06.07 | 11644 | 6.07 | 58.58 |

(Source: www.bseindia.com)



| Period | No. Of Shares Traded | Net Turnover (Rs. In Lacs) |
|---------------|----------------------|----------------------------|
| 2004 | 9,93,284 | 340.29 |
| 2005 | 38,83,254 | 3129.65 |
| 2006 | 16,58,952 | 1258.04 |
| January 2007 | 1650892 | 1272.04 |
| February 2007 | 472768 | 325.80 |
| March 2007 | 269240 | 142.67 |
| April 2007 | 306100 | 148.79 |
| May 2007 | 130031 | 68.14 |
| June 2007 | 254483 | 157.68 |

(Source: www.bseindia.com)

The market price immediately on 17th June 2005 the date on which the board of Directors approved the Rights Cum Public issue and 22nd July 2005 the date on which the share holders approved the Public issue are given as under:

| Date | High | Low | Close |
|----------------------------|-------|-------|-------|
| 17 th June 2005 | 68.95 | 63.15 | 65.45 |
| 22 nd July 2005 | 81.00 | 74.00 | 75.90 |

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES:

During the financial year 2004-05, total 71 complaints were received from the Shareholders, which were replied / resolved to the satisfaction of the Shareholders and there have been no complaints that have not been resolved to the satisfaction of the Shareholders. During the period ended 2005-06 (9 Months) total 21 complaints were received from the Shareholders, which were replied / resolved to the satisfaction of the Shareholders and there have been no complaints that have not been resolved to the satisfaction of the Shareholders. During the period ended 2006-07 total 9 complaints were received from the shareholders, which were replied / resolved to the satisfaction of the Shareholders and there have been no complaints that have not been resolved to the satisfaction of the Shareholders.

The Company has appointed the registrar to the issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Intime Spectrum Registry Limited will handle investors' grievances pertaining to the offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The company would also be co-coordinating with the registrar to the offer in attending to the grievances to the investor.

The Company assures that the Board of Directors in respect of the complaints, if any to be received shall adhere to the following schedules:

| | Nature of complaint | Time Table |
|----|--|--|
| 1. | Non-receipt of refund production of satisfactory evidence | Within 10 days of receipt of complaint subject to |
| 2. | Change of Address Notification | Within 10 days of receipt of information |
| 3. | Any other complaint in relation to Offer for Sale | Within 10 days of receipt of complaint with all relevant details |

The company has appointed Mr. Bhuvnesh Bansal as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the Compliance Officer in case of any offer related problems. The Compliance Officer would be available at the Registered Office of the Company. He may be contacted at the following address:



Dagger Forst Tools Limited
 First Pokhran Road,
 Thane: 400606
 Maharashtra
 Tel: +91-22- 25882531/32/33,
 Fax +91-22-25882540,
 e-mail: complianceofficer@daggerforst.com

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF

Due to certain reasons, M/s M.K. Sureka & Co., Chartered Accountants had unwillingness to be re-appointed in the Thirty Ninth Annual General Meeting of the Shareholders held on 23rd December 2005 and M/s Chaturvedi & Shah, Chartered Accountants were appointed by the Shareholders of the Company as Auditors in place of previous auditors, M/s M.K. Sureka & Co., Chartered Accountants in same Annual General Meeting.

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:

Scheme of Arrangement:

The Company has considered the Scheme of Arrangement, which was passed by the Members in their court convened meeting held on 25.09.2004, which was subsequently approved by the Hon'ble High Court of Judicature at Mumbai, vide their Order dated 4th November 2004. The accounting treatments of the Scheme of Arrangement is as under:

Amounts Transferred to & credited to Reconstruction Reserve Account:

| Particulars | Amount (Rs. In Lacs) |
|--|----------------------|
| Securities Premium Account | 571.55 |
| Cash Subsidy received against Fixed Assets | 15.00 |
| Revaluation Reserve Account | 2,370.38 |
| Total | 2,956.93 |

Against the above credit balance, following amounts were written off:

| Particulars | Amount (Rs. In Lacs) |
|--|----------------------|
| Debit Balance of Profit & Loss Account as on 31.03.2003 | 231.82 |
| Misc. Expenditure to the extent not written off as on 31.03.2003 | 150.52 |
| Impairment in the value of unsaleable/old stock of finished goods and work-in-progress | 110.30 |
| Diminution in the value of Investments other than of temporary nature | 410.16 |
| Sundry Debtors considered doubtful of recovery | 111.33 |
| Loans & Advances considered doubtful of recovery | 243.31 |
| Total | 1,257.44 |

Residuary balance in the Reconstruction Reserve Account Rs 1699.49 lacs was credited to General Reserves Account.

There is no winding up petition pending against the company.

REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:

- A) The Company has as on 31st March 2003, revalued the following major items of Fixed Assets on the basis of the valuation report obtained from qualified Government approved Chartered Engineers & Valuers, M/s Anmol Shekri & Associates, Mumbai, as under;



Rs. In Lacs

| Particulars of Assets | Fair Market Value after Depreciation as at 31.03.2003 | Written Down value as per books of Accounts as at 31.03.2003 |
|----------------------------|---|--|
| Freehold Land | 1.95 | 0.62 |
| Leasehold Land | 72.19 | 1.40 |
| Building | 336.59 | 95.07 |
| Residential Flats | 15.68 | 3.51 |
| Plant & Machinery | 2,987.57 | 9,46.91 |
| Total | 3,413.98 | 1,047.51 |
| Difference in Value | 2,366.47 | |

This has resulted in an increase in Gross Block & Net Block by Rs 2,366.47 lacs

- B) The difference between the fair market value after depreciation and book written down value of Rs 2,366.47 lacs has been transferred to Revaluation Reserve account.



SECTION VIII: OFFERING INFORMATION

TERMS OF THE ISSUE

a) Terms Of The Rights Offer

Dear Shareholders,

The Equity Shares, now being offered, are subject to the terms and conditions of this Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum & Articles of Association of the Company, the approvals from the GoI, FIPB and RBI, if applicable, the provisions of the Companies Act, 1956, guidelines issued by SEBI, guidelines, notifications and regulations for Offer of capital and for listing of securities issued by Government of India and / or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advise or letter of allotment or security certificates and rules as may be applicable and introduced from time to time.

BASIS OF THE OFFER

33,24,954 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 23/- are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in electronic form and on the Register of Members of the Company in respect of shares held in physical form at the close of business hours on the Record Date i.e. July 06, 2007 fixed in consultation with the BSE (Designated Stock Exchange). The Equity Shares are being offered for subscription in the ratio of 5 Equity Shares for every 7 Equity Shares held by the Equity Shareholders.

RIGHTS ENTITLEMENT

As your name appears as beneficial owner as per the list furnished by the depositories in respect of the Equity Shares held in the electronic form or appears in the register of members in respect of shares held in physical form as an equity shareholder of the Company on the Record Date July 06, 2007, you are entitled to this Rights Issue. The number of Equity Shares to which you are entitled is shown in Block I of Part A of the enclosed CAF.

FRACTIONAL ENTITLEMENT

If the shareholding of any of the Equity Shareholders is less than 7 or not in multiple of 7, then the fractional entitlement of such holders arrived at after multiplying such number of shares by 0.71 shall be ignored (since 5 shares are being offered for every 7 shares held, the entitlement would be 0.71 shares for every one share held). Shareholders holding less than 7 equity shares, whose fractional entitlement is being ignored as above, will be offered one new equity share out of those new equity shares not subscribed by the existing Equity Shareholders or available after consolidation of the fractional entitlements. Shareholders whose fractional entitlements are being ignored would be given preferential allotment of one additional share each if they apply for additional shares. The Equity Shares needed for such shares shall be adjusted from the Promoters' entitlement.

JOINT HOLDERS

Where two or more persons are registered as the holders of any equity shares they shall be deemed (so far as the Company is concerned) to hold the same rights, as joint-tenants with benefits of survivorship subject to provisions contained in the Articles of Association of the Company.

NOMINATION FACILITY

As per section 109A of the Act, a sole Equity Shareholder or first Equity Shareholder, along with other joint Equity Shareholders [being individual(s)] may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A Person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form as available on the request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The applicant can make the nomination by filling in the relevant portion of the CAF.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder has already registered the nomination with the Company, no further nomination needs to be made for equity shares to be allotted in the Issue under the same folio.



In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

To register himself or herself as holder of Equity Shares or

To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

In case of allotment in dematerialised form; the nominations registered with the respective depository participants of the applicant would prevail. If the applicant requires to change the nomination, requested to inform their respective DP.

ISSUE OF DUPLICATE EQUITY SHARE CERTIFICATE

If any equity share(s) certificate is/are mutilated or defaced or the pages for recording transfers of equity share are fully utilized, the same may be replaced by the Company against the surrender of such certificate. Provided, where the equity share certificates are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible. If any equity share certificate is destroyed, stolen or lost, then upon production of proof thereof to the satisfaction of the Company and upon furnishing such indemnity/surety and/or documents as the Company may deem adequate, duplicate equity share certificate shall be issued.

NOTICES

All notices to the Equity Shareholder(s) to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation, a regional language daily in Thane being the place where the registered office of the Company is situated and/or, will be sent by ordinary post to the registered holders of the Equity Share(s) from time to time.

PRINTING OF BANK PARTICULARS ON REFUND ORDERS

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the applicant's bank account are mandatorily required to be given for printing on refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

OFFER TO NON-RESIDENT EQUITY SHAREHOLDERS / APPLICANTS

As per notifications No FEMA 05/2005-06 dated July 1, 2005 has given general permission to Indian Companies to issue Rights/bonus shares to Non- Resident Indians. Hence the Company does not need permission from RBI for issue of shares to Non-Resident up to their entitlement.

Applications received from NRIs and non-residents for allotment of Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA). In the matter of refund of application moneys, allotment of Equity Shares, issue of letter of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/200-RB dated May 03, 2000. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the non-resident shareholders. The rights shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original shares against which rights shares are issued.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, OCBs shall not be eligible to subscribe to the Equity Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Company at its registered office, the OCB shall receive the Letter of Offer and the CAF.



PRINCIPAL TERMS AND CONDITIONS OF THE OFFER

EQUITY SHARES

- **Face value**

Each Equity Share shall have the face value of Rs.10/-

- **Offer Price**

Each Equity Share is being offered at a price of Rs. 33/- (including a premium of Rs. 23/-)

- **Entitlement Ratio**

The Equity Shares are being offered on rights basis to the existing Equity Shareholders of the Company in the ratio of 5 Equity Shares for every 7 equity shares held as on the Record Date.

- **Market lot**

The market lot for the equity shares in dematerialised mode is one share. In case of physical certificates, the Company would issue one certificate for the Equity Shares allotted to one folio ("Consolidated Certificate")

In respect of the Consolidated Certificate, the Company will be returning the share certificates issued for the entire holding, duly split as desired by the Equity Shareholders within a week's time, as and when such requests are received from the Equity Shareholders without charging anything from the Equity Shareholder.

- **Terms of payment**

100% of the Offer price (i.e. Rs. 33/-) per Equity Share shall be paid on Application

- **Ranking of the Equity Shares**

The Equity Shares shall be subject to the provisions Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividends with the existing equity shares of the Company. The allottee shall be entitled to dividend or other corporate benefits, if any, declared by the Company after the date of allotment.

OPTION AVAILABLE TO THE EQUITY SHAREHOLDERS

The Composite Application Form clearly indicates the number of Equity Shares that the Equity Shareholder is entitled to. The investor shall have the option either to receive the security certificates in physical form or to hold the securities with a depository in electronic form.

If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his entitlement in part
- Apply for his entitlement in part and renounce the other part
- Apply for his entitlement in full
- Apply for his entitlement in full and apply for additional Equity Shares

Renounees for Equity Shares can apply for the Equity Shares renounced to them and also apply for additional Equity Shares.

HOW TO APPLY

RESIDENT EQUITY SHAREHOLDERS

Application should be made only on the enclosed CAF provided by the Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF. **Applications will not be accepted by the Lead Manager or by the Registrar to the Offer or by the Company at any offices** except in the case of postal applications as per instructions given in the Letter of Offer.

NON-RESIDENT EQUITY SHAREHOLDERS

Applications received from the Non-Resident Equity Shareholders for the allotment of Equity Shares shall, inter alia, be subject to the conditions as may be imposed from time to time by the Reserve Bank of India, in the matter of Refund of application moneys, allotment of Equity Shares, issue of Letters of Allotment / certificates / payment of dividends etc.



THE CAF CONSISTS OF FOUR PARTS:

Part A: Form for accepting the Equity Shares offered and for applying for additional Equity Shares

Part B: Form for renunciation

Part C: Form for application for renounces

Part D: Form for request for split application forms

ACCEPTANCE OF THE RIGHTS OFFER

You may accept the Offer and apply for Equity Shares offered, either in full or in part by filling Block III of Part “A” of the enclosed CAF and submit the same along with the application money payable to the “Bankers to the Offer” or any of the branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Offer Closing Date or such extended time as may be specified by the Board thereof in this regard. Applicants at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn on a local bank at Mumbai / demand draft payable at Mumbai to the Registrar to the Offer by registered post. Such applications sent to anyone other than the Registrar to the Offer are liable to be rejected.

RENUNCIATION

The Issue includes a right exercisable by you to renounce the equity shares offered to you either in full or in part in favour of any other person or persons. Such renounees can only be Indian nationals/limited companies incorporated under and governed by the Act, statutory corporations/institutions, trusts (unless registered under the Indian Trust Act), minors (through their legal guardians), societies (unless registered under the Societies Registration Act, 1860 or any other applicable laws) provided that such trust/society is authorised under its constitution/bye laws to hold equity shares in a Company and cannot be a partnership firm, more than three persons including joint-holders, HUF, foreign nationals (unless approved by RBI or other relevant authorities) or to any person situated or having jurisdiction where the offering in terms of this LoF could be illegal or require compliance with securities laws of such jurisdiction or any other persons not approved by the Board.

Any renunciation from Resident Indian Shareholder(s) to Non-resident Indian(s) or from Non-resident Indian Shareholder(s) to Resident Indian(s) or from Non-resident Indian shareholder(s) to other Non-resident Indian(s) is subject to the renouncer(s)/ renounce(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and other applicable laws and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)] Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the equity shares being offered but wish to renounce the same in favour of renounees shall not renounce the same (whether for consideration or otherwise) in favour of OCBs.

The right of renunciation is subject to the express condition that the Board/Committee of Directors shall be entitled in its absolute discretion to reject the request for allotment to renouncee(s) without assigning any reason therefore.

Renouncee(s) have right to apply for additional shares and the renounce(s) cannot further renounce his/her entitlement.

PROCEDURE FOR RENUNCIATION

TO RENOUNCE THE WHOLE OFFER IN FAVOUR OF ONE RENOUNCEE

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renounees, all joint renounees must sign this part of the CAF.

TO RENOUNCE IN PART/OR RENOUNCE THE WHOLE TO MORE THAN ONE PERSON(S)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more renounees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Offer so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.



In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not agree with the specimen registered with the Company, the application is liable to be rejected.

RENOUNCEE(S)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part C of the Application Form and submit the entire Application Form to the Bankers to the Offer on or before the Offer Closing Date along with the application money.

Note: Any renunciation from Resident Indian Shareholder(s) to Non-Resident India(s) or from Non-Resident Indian Shareholder(s) to another Non-Resident Indian Shareholder(s) or from Non-Resident Indian Shareholder(s) to Resident Indian(s) is subject to the renouncee(s) /renounce(s) obtaining the approval of the FIPB and/or necessary permissions of the RBI under the FEMA and other applicable laws and such permissions to be attached with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.

CHANGE AND/OR INTRODUCTION OF ADDITIONAL HOLDERS

If you wish to apply for Equity Shares jointly with any other person or persons, not more than three, who is/are not already joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for allotment from the renouncee(s) without assigning any reason thereof.

Please note that:

- (a) Part A of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid.
- (b) Request by the applicant for the Split Application Form should reach the Company on or before last date for request for split application form mentioned on the cover page.
- (c) Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for Split Application Forms. Forms once split cannot be split again.
- (d) Split form(s) will be sent to the applicant(s) by ordinary post at the applicant's risk.
- (e) Request for split form should be made for a minimum of 1 Equity Share or in multiples thereof and one Split Application Form for the balance Equity Shares, if any.

ADDITIONAL EQUITY SHARES

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares you are entitled to, provided that you have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). If you desire to apply for additional Equity shares, please indicate your requirement in Block IV of Part 'A' of the CAF. Applications for additional Equity Shares shall be considered and allotment shall be made in the manner prescribed in the Letter of Offer under the "Basis of Allotment". The renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

In case of application for additional equity shares by Non-Resident Equity Shareholders, the allotment of additional shares will be subject to the condition that the overall issue of shares to the Non-Resident Equity Shareholders in the total paid-up capital does not exceed the sectoral cap and will be subject to RBI guidelines in this regard. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, subject to the same conditions including restrictions in regard to the reparability as are applicable to the original shares against which Rights shares are issued

Where the number of additional Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:



| Sr. No. | Option Available | Action Required |
|---------|---|---|
| 1. | Accept whole or part of your entitlement without renouncing the balance. | Fill in and sign Part A including Block III relating to the acceptance of entitlement. Block IV relating to additional equity shares to be left blank or Nil to be mentioned. <i>(All joint holders must sign)</i> |
| 2. | Accept your entitlement in full and apply for additional Equity Shares | Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares <i>(All joint holders must sign)</i> |
| 3. | Renounce your entitlement in full to one person (Joint renounces are considered as one). | Fill in and sign Part B (all joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the renounee. The renounees must fill in and sign Part C. <i>(All joint renounees must sign)</i> |
| 4. | Accept a part of your entitlement and renounce the balance to one or more renounee(s) OR Renounce your entitlement to all the Equity Shares offered to you to more than one | Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Offer so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. <ul style="list-style-type: none"> For the Equity Shares you wish to accept, if any, fill in and renounee sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the renounees. Each of the renounees should fill in and sign Part C for the Equity Shares accepted by them. |
| 5. | Introduce a joint holder or change the sequence of joint holders | This will be treated as a renunciation. Fill in and sign Part B and the renounees must fill in and sign Part C. |

Applicants must provide information in the CAF as to their Bank/ current account number and the name of the Bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the depositories will be printed on the refund warrant in case of shares held in electronic form. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

AVAILABILITY OF DUPLICATE CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Offer will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID no. and his / her full name and address to the Registrar to the Offer. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the applicant violates any of these requirements he/ she shall face the risk of rejection of both the applications. In case the original and duplicate CAF's are lodged for subscription, allotment will be made on the basis of the CAF and the original CAF will be ignored.

APPLICATION ON PLAIN PAPER

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Rights Offer on plain paper, along with an Account Payee Cheque drawn on a local bank at Mumbai / Demand Draft payable at Mumbai which should be drawn in favour of the **"ICICI Bank - A/c DFTL - Rights Issue"** or **"HDFC Bank - A/c DFTL - Rights Issue"** and send the same by registered post directly to the Registrar to the Offer.

The application on plain paper, duly signed by the applicants including joint holders, in the same order as per specimen recorded with the Company/Registrar, must reach the office of the Registrar to the Offer before the Date of Closure of the Offer and should contain the following particulars:

- Name of Offerer
- Name and address of the Equity Shareholder including joint holders



- Registered Folio Number/ DP and Client ID no.
- Number of shares held as on Record Date
- Number of Rights Equity Shares entitled
- Number of Rights Equity Shares applied for
- Number of additional Equity Shares applied for, if any
- Total number of Equity Shares applied for
- Total amount paid @ Rs. 33/- per Equity Share inclusive of premium
- Particulars of cheque/Demand Draft
- Savings/Current Account Number and name and address of the bank where the Equity shareholder will be depositing the refund order
- PAN/GIR number and Income Tax Circle/Ward/District, photocopy of the PAN card / PAN communication / Form 60 / Form 61 declaration where the application is for Equity Shares of a total value of Rs.50,000 or more for the applicant and for each applicant in case of joint names, and
- Following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity card issued by any institution (e) Copy of electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration.
- The applicants are specifically requested not to submit the GIR number instead of the PAN number as their application is liable to be rejected.
- In case of Non Resident Shareholders to appear in the same sequence and order as they appear in the records of the Company/ Depositories.
- In case the payment is made by a draft purchased from NRE/ FCNR/ NRO A/c , as the case may be, an Account Debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/FCNR/ NRO Account.
- The cheque(s)/ demand draft(s) accompanied with such applications should be payable at par at Mumbai. The applications received through the registered post shall be dealt with by the Registrar to the Issue in the normal course. No such plain paper application will be entertained if it is received after the closure of the issue.
- Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company/ depository.
- Payments in such cases, should be through a cheque/ demand draft payable at Mumbai to be drawn in favour of the Bankers to the Offer marked "A/c Payee" and marked **"ICICI Bank - A/c DFTL - Rights Issue" or "HDFC Bank - A/c DFTL - Rights Issue"** in case of resident shareholders.
- Payment in case of non resident shareholders holding on repatriation basis and non repatriation basis shall be drawn in favour of the **"ICICI Bank - A/c DFTL - Rights Issue NR" or "HDFC Bank - A/c DFTL - Rights Issue NR"** and the marked "A/c payee". The envelope should be super scribed **"Dagger Forst Tools Limited - Rights issue"**.

In respect of Non Residents they should follow the mode of payment as indicated in point(s) on page no. 199 of this Offer Document.

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their Rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications as well as forfeiture of amounts remitted along with the applications.

LAST DATE OF APPLICATION of CAF

The last date for submission of CAF by the Banker to the Issue at its Collecting Branches, together with the amount payable, is on or before the close of banking hours on 05th September, 2007. The Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding sixty days from the date the Offer opens.

If the CAF together with the amount payable is not received by the Bankers to the Offer / Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Equity Shares hereby offered, as provided under the heading "Basis of Allotment".



INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

BASIS OF ALLOTMENT

1. Subject to provisions contained in this Letter of Offer, the Articles of Association of the Company and approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:
 - (a.) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
 - (b.) If the shareholding of any of the Equity Shareholders is less than 7 or is not in multiples of 7, then the fractional entitlement of such holders for Equity Shares shall be ignored. Shareholders whose fractional entitlements are being ignored would be considered for allotment of ONE additional share each if they apply for additional share(s). Allotment under this head shall be considered if there are any un-subscribed equity shares after allotment under (a) above. If number of equity shares available for allotment under for this head are less than number of shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. (For further details please see the section “Terms of the Issue – Fractional Entitlements” on page 187 of this Letter of Offer)
 - (c.) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as rights and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) above. The allotment of such Equity Shares will be at the sole discretion of the Board/Committee of Directors in consultation with the Designated Stock Exchange, as a part of the rights Offer and not preferential allotment.
 - (d.) Allotment to the renouncees who having applied for the Equity Shares renounced in their favour have also applied for additional Equity Shares, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Equity Shares will be made on a proportionate basis at the sole discretion of the Board/Committee of Directors but in consultation with the Designated Stock Exchange, as a part of the rights Offer and not preferential allotment.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’ for the purpose of regulation 3(1)(b) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 which would be available for allocation under (c) and (d) above. After considering the above allotment, if the Issue does not have subscription to the extent of 90% of the Issue size, the Promoter and the promoter group shall subscribe to such portion to ensure that the Issue is successful. After such allotments as above and to the Promoters and the promoter group, including the application for rights/renunciation and additional equity shares, any additional Equity Shares shall be disposed off by the board or committee of the Board of Directors authorised in this behalf by the Board of Directors of the Company, in such manner as they think most beneficial to the Company and the decision of the Board or committee of directors of the Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the issue.

Allotment to promoters of any unsubscribed portion, over and above their entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable law prevailing at that time.

The basis of allotment shall be finalized by the Board in consultation with the designated stock exchange, within a period of **30 days** from the date of closure of issue. In case of delay in allotment the company shall, as stipulated shall, as stipulated under section 73(2A) of the Act, be required to pay interest on the same at a rate of 15% p.a.

No oversubscription shall be retained by the company.

UNDERWRITING

The present issue is not underwritten.

ALLOTMENT / REFUND

The Company will issue and dispatch letters of allotment/ securities certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of six week from the Date of Closure of the Offer. If such money is not repaid within 8 days from the day the Company becomes liable to pay it, the Company shall pay that money with interest as stipulated under Section 73(2)(2A) of the Act.



Applicants residing at 15 centres where clearing houses are managed by the RBI will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit, NEFT & RTGS. 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 42 days from the date of closing of the subscription list.

Letters of allotment/ securities certificates/ refund orders above the value of Rs.1,500 will be dispatched by Registered Post/ Speed Post to the sole/ first applicant's registered address. However, refund orders for value not exceeding Rs.1,500 shall be sent to the applicants under Postal Certificate. Such cheques or pay orders will be payable 'at par' at all the centres where the applications were originally accepted and will be marked "A/c payee" and would be drawn in the name of the sole/ first applicant. Adequate funds would be made available to the Registrar to the Offer for the dispatch of Letters of allotment/ securities certificates and refund orders.

In case the Company issues Letters of allotment, the corresponding Security Certificates will be kept ready within three months from the date of allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act, 1956 or other applicable provisions, if any. Allottees are requested to preserve such Letters of Allotment, which would be exchanged later for the Security Certificates.

As regards allotment/ refund to Non - Residents, the following further conditions shall apply:

In case of non-residents, who remit their application monies from funds held in NRE/ FCNR accounts, refunds and/ or payment of interest/ dividend and other disbursement, if any, shall be credited to such accounts, details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-residents, who remit their application monies through Indian Rupee draft purchased from abroad, refund and/ or payment of dividend/ interest and any other disbursement, shall be credited to such accounts (details of which should be furnished in the CAF) and will be made net of bank charges/ commission in US Dollars, at the rate of exchange prevailing at such time. The Company will not be responsible for any loss on account of exchange fluctuations for converting the Indian Rupee amount into US Dollars. The Equity Share certificate(s) will be sent by registered post at the Indian address of the non-resident applicant.

PAYMENT OF REFUND

The payment of refund, if any, would be done through the following various modes:

1. **ECS** - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **NEFT**- Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.
3. **Direct Credit** - Applicants having bank accounts with the Refund Banker as mentioned in the Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
4. **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 10 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value 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 banker and payable at par at places where application forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the applicant.



Please note that only applicants having a bank account at any of the 15 centers where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other applicants, including applicants who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500

In case of those shareholders who have opted to receive their rights entitled shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the equity shares shall be given separately.

LETTERS OF ALLOTMENT / EQUITY SHARE CERTIFICATES / DEMAT CREDIT

Letter(s) of Allotment/ Equity Share certificates / demat credit or Letters of Regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within six weeks, from the date of closure of the subscription list. In case the Company issues Letters of Allotment, the relative Equity Share certificates will be dispatched within three months from the date of allotment. Allottees are requested to preserve such Letters of allotment (if any) to be exchanged later for Equity Share certificates. Export of Letters of Allotment (if any)/ Equity Share certificates / demat credit to non-resident allottees will be subject to the approval of RBI.

ARRANGEMENT FOR ODD LOT EQUITY SHARES

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 (One) share. Therefore there is no possibility of odd lots.

The Company has not made any arrangements for the disposal of odd lot Equity Shares arising out of this Offer. The Company will issue certificates of denomination equal to the number of shares being allotted to the Equity Shareholder.

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALISED FORM

Applicants to the Equity Shares of the Company offered through this Rights Offer shall be allotted the securities in dematerialised (electronic) form at the option of the applicant. The Company and the Registrar to the Company Intime Spectrum Registry Limited have signed a tripartite agreement with National Securities Depository Limited (NSDL) on 7th September, 2000 and with Central Depository Services (India) Limited (CDSL) on 7th September, 2000 which enables the investors to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

In this Rights Offer, the allottees who have opted for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Applications, which do not accurately contain this information, will be given the securities in physical form. No separate applications for securities in physical and dematerialised form should be made. If such applications are made, the application for physical securities will be treated as multiple applications and is liable to be rejected. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

The Equity Shares of the Company will be listed on BSE. Procedure for availing this facility for allotment of Equity Shares in this Offer in the electronic form is as under:

1. Open a Beneficiary Account with any Depository Participant (care should be taken that the Beneficiary Account should carry the name of the holder in the same manner as is exhibited in the records of the Company. In case of joint holding, the Beneficiary Account should be opened carrying the names of the holders in the same order as with the Company). In case of Investors having various folios in the Company with different joint holders, the investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such Beneficiary Account (s) need not adhere to this step.*
2. For Equity Shareholders already holding equity shares of the Company in dematerialised form as on Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of securities arising out of this Offer may be made in dematerialised form even if the original equity shares of the Company are not dematerialised. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.
3. Responsibility for correctness of applicant's age and other details given in the CAF vis-à-vis those with the applicant's Depository Participant would rest with the applicant. Applicants should ensure that the names of the applicants and the order in which they appear in CAF should be same as registered with the applicant's Depository Participant.



4. If incomplete / incorrect Beneficiary Account details are given in the CAF the applicant will get Equity Shares in physical form.
5. The Rights Equity Shares allotted to investors opting for dematerialised form, would be directly credited to the Beneficiary Account as given in the CAF after verification. Allotment advice, Refund Order (if any) would be sent directly to the applicant by the Registrar to the Offer but the applicant's Depository Participant will provide to him the confirmation of the credit of the Rights Equity Shares to the applicant's Depository Account.
6. Renouncees will also have to provide the necessary details about their Beneficiary Account for allotment of securities in this Offer. In case these details are incomplete or incorrect, the application is liable to be rejected.

The following renunciations are also subject to the renouncer(s)/ renouncee(s) obtaining the necessary approval of the RBI under the provisions of the Foreign Exchange Management Act, 1999 and other applicable laws and such permission should be attached with the CAF.

- a. From Resident(s) to Non- Resident Indian(s)
- b. From Non- Resident Indian(s) to Resident(s)
- c. From Non- Resident Indian(s) to Non- Resident(s)

Renouncee(s) have right to apply for additional shares and the renouncer(s) cannot further renounce his/her entitlement.

UTILISATION OF PROCEEDS

Subscription received against the Issue will be kept in a separate bank account(s) and the Company would not have access to such funds unless it has received minimum subscription of 90% of the Issue and necessary approvals of the Designated Stock Exchange has been obtained to use the amount of subscription.

GENERAL INSTRUCTIONS FOR APPLICANTS

- a) Please read the instructions printed on the enclosed CAF carefully.
- b) Application should be made on the printed CAF, provided by the Company and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and without deduction of bank commission and other charges. The CAF must be filled in English and the names of all the applicants, details of occupation, address, and father's / husband's name must be filled in block letters.
- c) The CAF together with cheque / demand draft should be sent to the Bankers to the Offer / Collecting Bank or to the Registrar and **NOT** to the Company or Lead Managers to the Offer. Applicants residing at places other than cities where the branches of the Bankers to the Offer have been authorised by the Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai and send their application forms to the Registrar to the Offer by **REGISTERED POST**. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.
- d) Applications for a total value of Rs.50,000 or more, i.e. where the total number of securities applied for multiplied by the Offer price, is Rs.50,000 or more the applicant or in the case of application in joint names, each of the applicants, should mention his/ her permanent account number allotted under the Income-Tax Act, 1961 and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN ("PAN communication") along with the application for the purpose of verification of the number or where the same has not been allotted, the GIR number and the Income-Tax Circle / Ward / District. In case where neither the permanent account number nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the CAFs. **Forms without this information will be considered incomplete and are liable to be rejected.**
- e) Applicants are advised to provide information as to their savings/current account number and the name of the Bank with whom such account is held in the CAF to enable the Registrar to print the said details in the Refund Orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- f) The payment against the application should not be effected in cash if the amount to be paid is Rs.20,000 or more. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon. Payment against the application if made in cash, subject to conditions as mentioned above, should be made only to the Bankers to the Offer.



- g) Signatures should be either in English or Hindi or in any other language specified in the 8th Schedule of the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.
- h) In case of an application under Power of Attorney or by a body corporate or by a society, a certified true copy of the relevant Power of Attorney or relevant resolution or authority to make investment and sign the application along with a copy of the Memorandum & Articles of Association and / or bye laws must be lodged with the Registrar to the Offer giving reference of the serial number of the CAF. In case these papers are sent to any other entity besides the Registrar to the Offer or are sent after the Offer Closure Date, then the application is liable to be rejected.
- i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint applicants who are renouncees, the number of applicants should not exceed three. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- j) Application(s) received from Non-Resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent Offer and allotment of Equity Shares, interest, export of Equity Share certificates, etc. In case a Non-Resident or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- k) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Offer prior to the date of allotment in this Offer quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to the Registrar and Transfer Agents of the Company (i.e., Intime Spectrum Registry Limited) in the case of equity shares held in physical form and to the respective DP, in case of equity shares held in dematerialised form.
- l) Split forms cannot be re-split.
- m) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.
- n) Applicants must write their CAF number at the back of the cheque / demand draft.
- o) Only one mode of payment per application should be used. The payment must be either in cash or by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash. (For payment against application in cash please refer point (f) above)
- q) No receipt will be offered for application money received. The Bankers to the Offer / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- r) An applicant which is a mutual fund can make a separate application in respect of each scheme of the fund and such applications shall not be treated as multiple applications. The application made by the asset management Company or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

Mode of payment for Resident Equity Shareholders/ Applicants:

Only one mode of payment per application should be used. The payment must be either in cash or by cheque/ demand draft drawn on any of the Banks (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted. The payment against the share application should not be effected in cash if the amount to be paid is Rs. 20,000/- or more, as per Section 269 SS of the income- Tax Act, 1961. In case payment is effected in contravention of this, the application money will be refunded and no interest will be paid thereon.

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed "A/c Payee only" and marked "**ICICI Bank - A/c DFTL - Rights Issue**" or "**HDFC Bank - A/c DFTL - Rights Issue**"



- Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft for the full application amount favoring the Bankers to the Offer, crossed “A/c Payee only” and marked “ **ICICI Bank - A/c DFTL - Rights Issue**” or “ **HDFC Bank - A/c DFTL - Rights Issue**” payable at Mumbai directly to the Registrar to the Offer by registered post so as to reach them on or before the Offer Closing Date. The Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.
- Outstation cheques/money orders/postal orders will not be accepted and CAF's accompanied by such cheques/money orders /postal orders are liable to be rejected.
- New Demat account shall be opened for holders who have had a change in status from Resident Indian to NRI.

Mode of payment for Non-Resident Equity Shareholders/ Applicants:

As regards the application by non-resident Equity Shareholders, the following further conditions shall apply:

Payment by non-residents must be made by demand draft / cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- a) By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- b) By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- c) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai or
- d) FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.

A separate cheque or Bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be an Account debit certificate from the Bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the applicants shall be considered incomplete and is liable to be rejected. In case where a repatriation benefit is available, dividend and sales proceeds derived from the investment in shares can be remitted outside India. Subject to tax, as applicable according to the income tax Act, 1961 and subject to the permission of RBI, if required.

In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant's Bankers.

Applications received from NRIs (Non – Resident), NRIs and persons of Indian origin resident abroad, for allotment of equity shares shall be inter-alia, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of application moneys, allotment of Equity shares, issue of letter of allotment/share certificates, warrant certificate, dividend etc.

Application with non - repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis.

All cheques/drafts submitted by non-residents should be drawn in favour of the Bankers to the Offer and marked “**ICICI Bank - A/c DFTL - Rights Issue - NR**” or “**HDFC Bank - A/c DFTL - Rights Issue - NR**” payable at Mumbai and must be crossed “A/c Payee only” for the amount payable. The CAF duty completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the Offer Closing Date. A separate cheque or bank draft must accompany each CAF.

Applicants may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

**Note:**

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
2. In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
3. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on the aforesaid Offer Closing Date. A separate cheque or bank draft must accompany each CAF.
4. In case application received from Non-Residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable for;
- Bank account details (for refund) are not given;
- Age of First Applicant not given;
- PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs. 50,000 or more;
- UIN Number not given as applicable;
- In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- If the signature of the existing shareholder does not match with the one given on the Application Form and for renounees if the signature does not match with the records available with their depositories;
- If the Applicant desires to have shares in electronic form, but the Application Form does not have the Applicant's depository account details;
- Application Forms are not submitted by the Applicants within the time prescribed as per the Application Form and the Offer Document;
- Applications not duly signed by the sole/joint Applicants;
- Applications by OCBs unless accompanied by specific approval from the RBI permitting the OCBs to invest in the Issue;
- Applications accompanied by Stockinvest;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- Applications by US persons;
- Applications by ineligible Non-residents (including on account of restriction or prohibition under applicable local laws) and where last available address in India has not been provided.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue

Undertaking by the Company

The Board of Directors of DFTL undertakes that: -

- a. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the equity shares are to be listed are taken within 7 working days of finalization of the basis of allotment;



- c. The Company shall apply in advance for the listing of equity shares
- d. that the funds required for dispatch of refund orders / allotment letters / certificates by registered post shall be made available to the Registrar to the Issue by the Company;
- e. that where refunds are made through electronics transfer of funds, a suitable communications shall be sent to the applicants within 30 days of closure of the issue, 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 funds.
- f. that the certificates of the equity shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- g. that no further issue of equity shares shall be made till the equity shares offered through this Offer Document are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.
- h. The Company accepts full responsibility for the accuracy of information given in this letter of offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes in this letter of offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
- i. All information shall be made available by the Lead Managers and the issuer to the Investor at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows presentation, in research or sales reports etc

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a. all monies received against this issue shall be transferred to separate bank accounts in a schedule bank as referred to in sub-section (3) of section 73;
- b. details of all monies utilized out of the issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the issue of shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the form in which such unutilized monies have been invested.

The funds raised through this Rights Issue of Equity Shares would be utilized only towards satisfactory fulfillment of the “Objects of the Offering” as mentioned on page no. 23 in this Offer Document.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Offer/ Registrar to the Offer receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the applicant within six weeks from the close of the Offer. If there is delay in refund of application money by more than 8 days after the Company becomes liable to pay (i.e. 42 days after the closure of the Issue), the Bank will pay interest for the delayed period at the rate prescribed under subsection (2) and (2A) of section 73 of the Act.

For further instruction, please read the Composite Application Form carefully.

IMPORTANT

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer or accompanying Composite Application Form and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID no., the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed “DFTL— Rights Offer “ on the envelope) to the Registrar to the Offer at the following address:



Intime Spectrum Registry limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West), Mumbai: 400 078.
Tel: +91 – 22 – 25960320
Fax: +91 – 22 – 25960329
Email: daggerforst@intimespectrum.com

In case the original CAF is not received, or is misplaced by the applicant, the Registrars will issue a duplicate CAF on the request of the applicant who should furnish the Registered Folio Number/ DP ID and Beneficiary ID and his/her full name and address to the Registrars to the Issue. Please note that those who are making an application in the duplicate form should not utilize the standard CAF for any purpose including renunciation, even if received subsequently.

If the applicant violates any of these requirements, he/she shall face the risk of rejection of both the applications.

3. It is to be specifically noted that this Offer of Equity Shares is subject to Risk Factors appearing on page no. vii of this Offer Document.
4. The Rights Offer will be kept open atleast for 30 days and maximum for 60 days.
5. Investors are advised to contact the Compliance Officer in case of any pre-issue / post –issue related problems.

a) Terms Of The Public Issue

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The equity shares being issued are subject to the terms of this Offer document, the terms and conditions contained in the Application Form, the Memorandum and Articles of Association of the Company, provisions of the Act, other applicable Acts and the Letters of Allotment/Equity Share Certificates or other documents and the Guidelines issued from time to time by the Government of India, SEBI and the concerned Stock Exchanges.

The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, ROC and /or other Authorities, as in force on the date of the issue and to the extent applicable.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing shares of the Company including in respect of the rights to receive dividends. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by the Company after the date of allotment.

MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders at their discretion, and will depend on number of factors including but not limited to our earnings, capital requirements and over all financial condition.

The dividend is paid in cash / cheque only

FACE VALUE AND ISSUE PRICE

The face value of the equity shares is Rs. 10/- per equity shares and the right issue price of Rs. 33/- is 3.3 times of the face value and the issue price of Rs. 45 is 4.5 times of the face value At any given point of time there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDER

The rights available to the shareholders of the Company are subject to the provisions of the 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 to be allotted bonus shares, if announced;



- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act 1956 and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of the Articles of Association" on page 217 in this Offer Document.

Note: Only the registered equity shareholders or in case of the joint holders, those shareholders, whose names appear first in the Register of members /list of beneficial owners shall be entitled to above mentioned rights.

MARKET LOT

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one Equity Share subject to a minimum allotment of 150 Equity Shares.

NOMINATION FACILITY TO THE INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall 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. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered / Corporate Office or to its Registrar and Transfer Agents.

Only one nomination would be applicable for one folio. Hence, in case the Shareholder(s) has already registered the nomination with the Company, no further nomination need to be made for Equity Shares to be allotted in this Issue under the same folio.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the equity shares; or
- to make such allotment of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to allot the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective DP of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective DP.

Withdrawal of Issue

Company in consultation with the Lead Managers reserves the right not to proceed with any issue, any time after the issue opening date but before allotment without assigning any reason thereof. In case the Company decides so, it shall issue a public notice within two days of the closure of issue, indicating the reasons for withdrawal of Issue in the newspapers in which the issue advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.



Period of Subscription

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore there is no possibility of odd lots. Therefore no arrangements are required for disposal of odd lots.

RESTRICTIONS, IF ANY, ON TRANSFER AND TRANSMISSION OF SHARES AND ON THEIR CONSOLIDATION / SPLITTING

For detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please refer sub – heading “Description of Equity Shares and Main Provisions of the Articles of Association” of DFTL appearing on page 217 of this Offer document



ISSUE PROCEDURE:

PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, Memorandum and Articles of the Company, the terms of this Offer Document, Application Form, and other terms and conditions as may be incorporated in the Letters of Allotment/Equity Share Certificates or other documents that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing of Equity Shares offered from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

AVAILABILITY OF OFFER DOCUMENT AND APPLICATION FORM

The Memorandum Form 2A containing the salient features of the Offer Document together with Application Forms and copies of the Offer Document may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

NRIs / FIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from the registered office of the Company.

OPTION TO SUBSCRIBE

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository.

Investors should note that Equity Shares will be allotted to successful applicants only in the dematerialized form. Applicants will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

APPLICATION MAY BE MADE BY:

- a) Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three)
- b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- d) Indian Mutual Funds registered with SEBI
- e) Indian Financial Institutions & Banks
- f) Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
- g) State Industrial Development Corporations
- h) Insurance Companies registered with Insurance Regulatory and Development Authority
- i) Provident Funds with minimum corpus of Rs.2500 Lacs
- j) Pension Funds with minimum corpus of Rs.2500 Lacs
- k) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company
- l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- m) Permanent and Regular employees of the Company
- n) Non-Resident Indians (NRIs) on repatriation / non-repatriation basis
- o) Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis
- p) Scientific or industrial research organization, which are authorized to invest in shares
- q) Multilateral & Bilateral Development Financial Institution



APPLICATIONS NOT TO BE MADE BY:

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)
- e) Trusts (except as stated above)
- f) HUFs (except as stated above)
- g) NRIs (except as stated above)

APPLICATIONS BY HINDU UNDIVIDED FAMILIES (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

INSTRUCTIONS FOR APPLICATIONS BY NRIs/FIIs (ON REPATRIABLE BASIS):

- 1) As per the exim policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.
- 2) However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
- 3) In case of application by NRIs on repatriation basis, the payments must be made through Indian rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
- 4) In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.
- 5) Duly filled Application Forms along with cheque and bank draft in favour of **"ICICI Bank - A/c DFTL - Rights Issue - NR"** or **"HDFC Bank - A/c DFTL - Rights Issue - NR"** by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai only.
- 6) Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
- 7) Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under this category.
- 8) The allotment of the Equity Shares to Non-Residents shall be subject to the FIPB/ RBI approval or any other requisite permission as may be necessary.

It is to be distinctly understood that there is no reservation for NRIs & FIIs registered with SEBI and all NRI & FII registered with SEBI will be treated on same basis with other categories for the purpose of allotment.



Subscription by NRIs/ FIIs

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. Investments made by NRIs/FIIs are governed by the regulations contained in FEMA 20/2000-RB dated May 3, 2000 read with AP (DIR Series) Circular No. 38 dated December 2, 2003 shall be applicable. It is to be distinctly understood that there is no reservation and separate Application Form for NRIs on non-repatriation basis and FIIs registered with SEBI and all NRI (on non-repatriation basis) and FII applicants will be treated on the same basis with other categories for the purpose of allotment.

Investment Limits for Mutual Funds / Venture Capital 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 Fund. No Mutual fund should own more than 10% of any Company's paid up capital carrying voting rights. These limits would have to be adhered to by mutual funds for investment in the Equity Shares

A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds / Trustees / the Custodians clearly indicate their intention as to each scheme concerned for which application has been made.

Indian Mutual Funds and Scheduled Banks should apply in this Public Issue based upon their own investment limits and approvals.

Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs 45 per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue places mentioned in the application form.

A separate single cheque/bank draft must accompany each application form.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post issue paid up capital (i.e. 10 % of 11,98,603 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 the Company total issued Capital or 5% of our total issued capital in case such sub Account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, offshore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed (i) 25% of the corpus of the venture capital fund/ (ii) 33.33% of the corpus of the foreign venture capital investor.

The above information is given for the benefit of the investors. The Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may happen after the date of this Offer Document. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the applicable limits under laws and regulations.

MINIMUM AND MAXIMUM APPLICATION SIZE

- 1) For Retail Individual Investors: Applications should be for minimum of 150 Equity Shares and in multiples of 150 Equity Shares thereafter, so as to ensure that the amount payable by the applicant does not exceed Rs 1,00,000.
- 2) For Other Investors: Application should be for a minimum of such number of Equity Shares so that amount payable by the applicant exceeds Rs 1,00,000 and in multiples of 150 Equity Shares thereafter.

A single application can be made only for the number of Equity Shares that are being offered to each respective category.



APPLICATIONS UNDER POWER OF ATTORNEY

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

TERMS OF PAYMENT

The entire Issue price of Rs. 45/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

PRE-ISSUE ADVERTISEMENT

A statutory advertisement will be issued by the Company after the filing of the Offer Document with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Any material updates, if any, between the date of filing of Offer Document with RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

GENERAL INSTRUCTIONS FOR APPLICANTS

- 1) Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not made so. The prescribed application forms will have the following colour:

| Category | Colour of Application Form |
|---|----------------------------|
| Indian Public including NRIs / FIIs on non-repatriation basis | White |
| NRIs / FIIs on repatriation basis | Blue |

- 2) Thumb impressions and signatures other than in English/ Hindi/ Marathi or any other language specified in the Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

3) Bank Account Details of Applicant

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DP ID) number and the Beneficiary number provided by the Depository participant must be mentioned correctly in the Application Form at the appropriate place. The Registrar will obtain the demographic details such as address, bank account details for printing on refund orders or give credit through ECS, direct credit, RTGS or NEFT and occupation from the depository participants

- 4) Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
- 5) Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non-Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

PAYMENT INSTRUCTIONS

For Resident Individuals

- 1) Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
- 2) Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
- 3) A separate cheque / bank draft must accompany each application form.



- 4) All cheques / bank drafts accompanying the application should be crossed “**A/c Payee Only**” and made payable to the Bankers to the Issue and marked “**ICICI Bank – A/c DFTL – Public Issue**” or “**HDFC Bank – A/c DFTL – Public Issue**”

For Applications made by NRIs / FIIs on a Repatriable/Non Repatriable Basis

1. Application should be made only
 - i. In the prescribed Application Form (Blue Colour) by Non- Resident Indians on a repatriable basis.
 - ii. In the names of individuals, societies and by Non- Resident individuals of Indian nationality/ origin and NOT in the names of minors, firms, partnerships, foreign nationals or their nominees. A certificate in the prescribed form OAC/ OAC-1 issued by Overseas Auditor/ Chartered Accountant/ Certified Public Accountant must accompany applications by societies.
 - iii. with remittances from abroad for the amount payable on application per share through approved banking channels or out of funds held in Non-Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with banks authorised to deal in foreign exchange in India, along with the certificate from the bank issuing the draft confirming that the draft has been issued by debit to NRE / FCNR account.
2. Applications for the NRI category can be obtained from the Registered Office of the Company.
3. The allotment of equity shares to NRIs shall be subject to RBI approval or any other requisite authority as may be necessary under the existing Exchange Control Regulation. The sale proceeds of such investment in equity shares by NRIs will be allowed to be repatriated along with the income thereon, subject to instructions from RBI then in force and subject to Indian Tax Laws, provided that the investments are made by inward remittance from abroad through approved banking channels or out of funds held in NRE / FCNR accounts maintained with a bank in India.
4. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
5. Applications in this category cannot be made out of NRO accounts and such applications would be rejected. Applications out of NRO accounts can, however, be made in the category of Resident Indian public.
6. All cheques / bank drafts accompanying the application from NRIs / FIIs on a repatriable/non-repatriable basis must be made payable to the bankers to the issue with whom the application forms are lodged should be crossed “**A/c Payee Only**” and be marked “**ICICI Bank – A/c DFTL – Public Issue - NR**” “**HDFC Bank – A/c DFTL – Public Issue - NR**”

Investors will not have facility of applying through stockinvest instruments as RBI has withdrawn the stockinvest scheme vide notification no. DBOD.NO.FSC.BC.42/24.47.001/2003-04 dated 5/11/2003.

SUBMISSION OF COMPLETED APPLICATION FORMS:

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. **Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.**

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, Intime Spectrum Registry Limited, superscribing the envelope “Dagger Forst Tools Limited – Public Issue” so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Mumbai only. The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on the issuer company and other persons connected with the issue. Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.



ACCEPTANCE OF APPLICATIONS

The Company reserves the right to accept or reject, any application, in whole or in part, without assigning any reason thereof. If the application is rejected in full, the whole of the application money received will be refunded by Electronic Transfer of funds or through Registered Post to the applicant. If the application is accepted in part, the excess application money after adjusting for the amount payable on allotment will be refunded to the applicant. Such refund, if any, will carry interest @ 15% p.a. after 30 days from the closure of the Issue for the period of delay beyond 30 days.

OTHER INSTRUCTIONS

- 1) Joint Applications in case of Individuals: Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.
- 2) Multiple Applications: An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same. In case of application by Mutual Funds, a separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such application will not be treated as multiple applications provided that the application made by the Asset Management Trustees / Custodian clearly indicate their intention as to the scheme for which the application has been made. The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/ draft must accompany each application form.

In this regard, illustrations of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

- a. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
 - b. In this master document, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
 - c. The Registrar will obtain from the depositories, details of the applicants' addresses based on the DIP ID and Beneficiary Account Number provided in the Application Form and create an address master document.
 - d. The addresses of all the applicants in the multiple master documents will be strung from the address master document. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of addresses and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be taken to check for common names. Applications with the same name and address will be treated as multiple applications.
 - e. The applications will be scrutinized for similar DP ID and Beneficiary Account Numbers. In case where applications bear the same DP ID and Beneficiary Account Numbers, they will be treated as multiple applications.
 - f. After consolidation of all the masters as described above, a print out of the multiple master document will be taken and applications will be physically verified to tally signatures and the name of father's or husband's. On completion of this, applications will finally be identified as multiple applications.
- 3) PAN / GIR Number

Where application(s) is/are for Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.** In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication



issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

4) Equity Shares in Demat Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Share of the Company can be held in dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In the year 2000, to enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the then Registrar and Share Transfer Agent, Intime Spectrum Registry Limited:

- a) An agreement dated 7th September, 2000 with CDSL and Intime Spectrum Registry Limited
- b) An agreement dated 7th September, 2000 with NSDL and Intime Spectrum Registry Limited

The Company's shares bear an ISIN no. INE989B01014.

All investors can seek allotment only in dematerialised mode. However an investor will have an option to hold the shares in Physical form or demat form. After the allotment in the proposed Issue allottees may request their respective DP for dematerialization of shares if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

Instructions:

- a) An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
 - b) The Applicant must necessarily fill in the details (including the Beneficiary Account no. and DP ID no.) in the Application Form.
 - c) Equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP)
 - d) Name(s) in the Share Application 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) The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
 - f) Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
 - g) The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.
 - h) It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
 - i) Trading in the Equity Shares of the Company would be in only dematerialised form for all investors.
- 5) Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

Note:

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully.



GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected among others on the following technical grounds:

1. Age is not mentioned
2. Application by persons not competent to contract under the Indian Contract Act, 1872, including minor and insane person.
3. Copy of PAN card or PAN allotment letter is not enclosed if the application is for Rs 50,000/- or more;
4. PAN or GIR not stated if application is for Rs 50,000 or more
5. Multiple applications
6. In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted.
7. Applications accompanied by Stock invests/money order/postal order/cash (wherever applicable);
8. Application by OCBs
9. Applications not duly signed by the sole/joint applicants
10. Application forms do not have the applicant's depository account details.
11. Application not for a minimum of 150 shares or multiples of thereafter.
12. Category not ticked
13. Application form not delivered by the Applicant within the time prescribed as per the Application form, issue opening date advertisement, and the Offer Document and as per the instruction in the Offer Document and the application forms.
14. Amount paid does not tally with amount payable for the value of Equity Shares applied for;
15. Application by minor
16. 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;
17. Application form for amounts greater than the maximum permissible amounts
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicants (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;

PAYMENT OF REFUND

The payment of refund, if any, would be done through the following various modes:

1. **ECS** - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds through ECS is mandatory for applicants having a bank account at any of the above mentioned fifteen centers, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. **NEFT** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The Process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency.
3. **Direct Credit** - Applicants having bank accounts with the Refund Banker as mentioned in the Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.



4. **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 10 lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value 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 banker and payable at par at places where application forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the applicant.

Please note that only applicants having a bank account at any of the 15 centers where the clearing houses for the ECS are managed by the RBI are eligible to receive refunds through the modes stated above. For all the other applicants, including applicants who have not updated their bank particulars, alongwith the nine-digit MICR code, the refund orders shall be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500

In case of those shareholders who have opted to receive their rights entitled shares in dematerialised form by using electronic credit under the depository system, an advice regarding the credit of the equity shares shall be given separately.

Disposal of Applications and Application Money

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded.

The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment.

The Company shall ensure dispatch of refund orders by following mode.

- a) In case of applicants residing at Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvanthapuram- refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing Services), Direct Credit , RTGS (Real Time Gross Settlement) or NEFT (National Electronic Fund Transfer),
- b) In case of applicants residing at places other than those specified in (a) above and where the value of refunds order is Rs 1500/- or more, refund orders will be dispatch to the applicants by registered post/speed post only at the sole risk of applicant.
- c) In case of applicants residing at places other than those specified in (a) above and where the value of refund order less than Rs 1500/- refund orders will be despatched under certificate of posting under the sole risk of the applicant.

The subscription received in respect of Public Issue will be kept in a separate bank account and the Company shall not have access to such funds unless approvals for dealing from all the Stock Exchanges, where listing has been proposed and approval of the Designated Stock Exchange for utilisation has been obtained.

The Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of dispatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who:

- a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein,
- OR**



- b) otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Interest in case of delay on allotment & despatch

As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.

In accordance with Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15 percent per annum on the entire amount if the allotment of the Equity Shares has not been made within 30 days from the date of closure of the issue. This interest will be paid from the 31st day from the closure of the issue until the actual date of allotment.

Alternatively, in case refund orders have not been 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 within 30 days from the closure of the issue, interest @ 15 percent per annum, will be paid on the refund amount from the 31st day from the closure of the issue until the date of dispatch of the refund orders.

Basis of Allotment

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director/ Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

Proportionate Allotment Procedure

Allotment will be made in consultation with Bombay Stock Exchange. Further the allotment for both public and rights components of the issue is proposed to be made simultaneously. The allotment will be done on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size of 150 shares subject to market lots as explained below:

- a) Applicants will be categorised according to the number of Shares applied for
- b) The total number of Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c) The number of Shares to be allotted to the successful allottees will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d) For applications where the proportionate allotment works out to less than 150 Shares the allotment will be made as follows:
 - (i) each successful applicant shall be allotted 150 Shares; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawing of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e) If the proportionate allotment to an applicant works out to a number that is not a multiple of 1, the applicant would be allotted Shares by rounding off to the nearest multiple of 1.
- f) If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allotment shall be first adjusted against any category, where the allocated Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g) If the process of rounding off to the nearest multiple of one results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offering offer specified under point 23 of the Notes to the Capital Structure mentioned in the Offer Document.
- h) The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
 - (i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.



- (ii) The balance net offer of shares to the public shall be made available for allotment to a) individual applicants other than retail individual investors and b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for value more than Rs. 100,000.
- (iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allotment to applicants in the other category, if so required.

'Retail individual investor' means an investor who applies for shares of value of not more than Rs. 100,000/- Investors may note that in case of over – subscription, allotment shall be on proportionate basis and will be finalised in consultation with BSE. The drawing of lots (where required) to finalise the basis of allotment shall be done in the presence of a public representative on the governing board of the BSE.

The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Banker and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the SEBI Guidelines.

ACCESS TO FUNDS

The funds received against this Public cum Rights issue will be kept in separate bank accounts and the Company will not have any access to such funds received under the rights issue component unless it has received minimum subscription of 90% of the application money towards both the rights and public issue component and permission of the Designated Stock Exchange is obtained to use the amount of subscription. The company will obtain the permission of designated Stock Exchange by producing sufficient documentary evidence of subscription of 90% or more on the closure of the Issue to utilise the funds collected as per the present rules. The Company will not have access to the funds received against the public issue component until it has received approval for allotment from the Designated Stock Exchange and listing and trading permission is received from BSE.

MINIMUM SUBSCRIPTION

For Non Underwritten Rights Issue:

If the Company does not receive application money for atleast 90% of the issued amount, the entire subscription will be refunded to the applicants within forty-two days from the date of closure of the issue. If there is a delay in the refund of application money by more than 8 days after the Company becomes liable to pay the amount (i.e. forty two days after the closure of the issue), the company will pay interest for the delayed period, at prescribed rates in sub-section (2) and (2A) of Section 73 of the Companies Act, 1956.

For Non Underwritten Public Issue:

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having been returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

This being a composite issue, as per clause 6.13.1.7 (c) of SEBI (DIP) Guidelines, 2000 the following shall be ensured.

- **The Lead Manager to the Issue shall ensure that the requirement of “Minimum Subscription” is satisfied both jointly and severally i.e independently for both rights and public issue.**
- **If the company does not receive the minimum subscription in either of the issues the company shall refund the entire subscription received.**

Scope of Activities of the Registrars to the Issue

The Registrars to the offer shall also be the Share Transfer Agent and would also be responsible for all the post issue activities pertaining to this offer.

Undertaking by the Company

The Board of Directors of the Company undertakes that: -

- a) That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- b) That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the equity shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
- c) The Company shall apply in advance for the listing of equity shares;



- d) That the funds required for making the refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company;
- e) That where refunds are made through the electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of the closure of the Issue giving details of the bank where the refunds shall be credited along with the amount and expected date of electronic credit of refund;
- f) That the certificates of the equity shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- g) That refund orders to non-resident Indian applicants shall be dispatched within specified time
- h). That the promoters contribution in full, wherever required, shall be brought in advance before the issue open for public subscription.
- i) That no further issue of securities shall be made till the securities offered through this Offer Document are listed or till the application money are refunded on account of non listing, under subscription.

Disclosures made in this Offer document are in compliance with the provisions of SEBI (DIP) Guidelines 2000

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a. all monies received against this issue shall be transferred to separate bank accounts in a schedule bank as referred to in sub-section (3) of section 73;
- b. details of all monies utilized out of the issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the issue of shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the company indicating the form in which such unutilized monies have been invested.
- d. The Utilisation of monies received under the promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized.
- e. The details of all monies unutilized out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which the unutilized money has been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalisation of basis of allotment or completion of offer formalities.

The funds raised through this Rights Issue of Equity Shares would be utilized only towards satisfactory fulfillment of the "Objects of the Offering" as mentioned on page no. 23 in this Offer Document.

Restriction on Foreign Ownership of Indian Securities

Foreign Investment in Indian Securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the Conditions subject to which foreign investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy, FEMA regulates the precise manner in which investments may be made. Under the Industrial policy unless specifically restricted, foreign investor is required to follow certain prescribed procedures for making such investments. As per current foreign investments policies, foreign direct investment in auto component industry is permitted upto 100% under the automatic route.

The Equity shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the united states or to, of for the account or benefit of, "U.S. Persons"(as defined in Regulation under the securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, The Equity Shares are only being offered and sold) in the United States to "Qualified Institutional Buyers "as defined in Rule 144A of the Securities Act, and ii) outside the united states to certain persons in offshore transactions in compliances with regulations S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occurs.



SECTION IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

A) RIGHTS OF MEMBERS

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; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles.

B) MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

The Authorized Share Capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each capable of being increased or reduced in accordance with the Company's regulations and the legislative provision for the time being in force in that behalf and with power to divide the shares in the Capital for the time being into two classes to attached thereto respectively and preferential, deferred, qualified or special rights or privileges and or condition so that when shares are issued with any special preferential or special rights attaching thereto such rights shall not (except where the terms of issue otherwise provide) be alterable or dealt with otherwise than pursuant to the provisions contained in Articles of Association of the Company.

The main provisions of the Articles of Association of the company are given below:

The Articles of Association of the Company *inter alia* includes the following clauses:

UNDERWRITING AND COMMISSION

17. (1) The Company may pay a commission to any person in consideration of :

- (a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures or debenture stocks of the Company; or
 - (b) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures or debenture stocks of the Company, if the following conditions are fulfilled, namely,
 - (i) the commission paid or agreed to be paid does not exceed in the case of shares five percent of the price at which the shares are issued and in the case of Debentures or Debenture stock two and a half percent of the price at which they are issued or the amount or rate authorized by the Articles which ever is less;
 - (ii) the amount or rate per cent of the commission paid or agreed to be paid is in the case of shares or debentures offered to the public for subscriptions disclosed in the prospectus; and in the case of shares or debentures not offered to the public for subscription disclosed in the statement in lieu of prospectus and filed before the payment of the commission with the Registrar, and when a circular or notice, not being a prospectus inviting subscription for the shares or debentures is issued also disclosed in that circular or notice and
 - (iii) the number of shares or debentures which person have agreed for a commission to subscribe absolutely or conditionally is disclosed in the manner aforesaid
- (2) Save as aforesaid and save as provided in Section 79 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly in payment of any commission, discount or allowance, to any person in consideration of :
- (a) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares or Debentures of the Company; or
 - (b) his procuring or agreeing to procure subscription whether absolute or conditional, for any shares in or debentures of the Company, whether the shares, Debentures or money be so allotted or applied by being added to the



purchase money of any property required by the Company or to the contract price of any work, to be executed for the Company or the Company, whether the shares, Debentures or money be so allotted or applied by being added to the purchase money of any property required by the Company or to the contract price of any work, to be executed for the Company or the money be paid out of the nominal purchase money, or contract price, or otherwise.

- (3) Nothing in this Articles shall affect the power of the company to pay such reasonable brokerage as may be lawful.
- (4) A vendor to, promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received in payment of any commission the payment of which if made directly by the Company would have been legal under this Article.
- (5) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash or in shares, debentures or debenture stock of the Company.

CERTIFICATES

18. Subject to the regulations prescribed under the Companies (Issue of Share Certificates) Rules, 1960, every share certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and the Secretary or some other person appointed by the Board of the purpose and the two Directors of their attorneys and the Secretary or other person shall sign the share certificate, PROVIDED that, if the composition of the Boards permits of it, at least one of the aforesaid two Directors shall be person other than a managing or whole time Director. Particulars of every share certificate issued shall be entered in the register of Members against the name of the person to whom it had been issued indicating the date of issue.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

19. (1) (a) Every member or allottee of shares shall be entitled, without payment, to receive one certificate for all the shares of each class or denomination registered in his name or , if the Directors so approve (on paying such fee as the Directors may from time to time determine) to several such certificates each for one or more such shares.
- (b) Every certificate shall specify the name of the person in whose favor it is issued and shares to which relates and the amount paid up thereon.
 - (c) Unless the Conditions of issue of the shares otherwise provide, such Certificates shall be ready for delivery to the shareholders within three months after the allotment of any shares, and within two months after the application for the registration of the transfer of any such shares.
 - (d) The share certificate shall be in such form as the Directors shall prescribe or approves
 - (e) Such Certificate shall be issued only in pursuance of a Resolution passed by the Board and on surrender to the Company of its letter of allotment or of its fractional coupons of requisite value save in cases of issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares.

Provided that if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.

- (2) No certificate of any share or shares shall be issued either in exchange for those which are sub-divided or consolidation for in replacement of those which are defaced, or otherwise mutilated or rendered useless torn or old, decrepit, worn out or where the cages on the reverse for recording transfer have been duly utilized, unless the Certificate in lieu of which it is issued is surrendered to the Company; provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized

Provided further that the Company may charge such fee, if any, not exceeding Re. 1/- per certificate issued on splitting or consolidation of shares certificates.

- (3) No duplicate share certificate shall be issued in lieu of those which are lost or destroyed without prior consent of the Board without payment of such fee, if any, as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating evidence, as the Boards thinks fit



(4) The Company shall in all respect comply with the provisions of the Companies (issue of shares Certificate rules 1960 or any modifications thereof for the time being in force.

20. When any shares under the power in that behalf in these Articles herein contained are sold by the Directors and the Certificate thereof has not been delivered up to the company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

CALLS

21. The Directors may from time to time and subject to Section 91 of the Act and Articles 158 of these Articles and the terms on which the shares are issued make such calls as they think fit upon the members in respect of all monies unpaid on shares held by them receptive and not by the conditions of allotment thereof made payable at fixed times and each member shall the pay the amount of every call so made on him to the persons and at the time and places appointed by the Directors.

A call may be made payable by installments.

A call may be revoked or postponed at the discretion of Directors.

22. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed and may be made payable by members on a subsequent date to be specified by the Directors.
23. Fifteen day's notice at least shall be given by the Company of every call made payable otherwise than on allotment specifying the time and the place of payment that before the time for payment of such call, the director may by notice in writing to the members, revoke the same.
24. The Directors may from time to time, at this 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, from residence at a distance or other cause, the Directors may deem entitled to such extension, but no members shall be entitled to such extension save as a matter of grace and favour.
25. If by the terms of issue of any share or otherwise the whole or part of any amount is made payable on allotment or at any fixed times, whether on account of the amount of installment shall be payable as if it where a call duly made by the Directors and of which due notice has been given, and all the provisions herein contained in respect of calls shall apply to such amount or installments accordingly.
26. If the sum payable on allotment or in respect of any call or installment be not paid on or before the day appointed for payment thereof the allottee or the holder of the time being of the shares in respect of which a call shall have been made or the installment shall be due shall pay interest for the same at the rate of 9 per cent per annum or at such other rate as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.
27. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any members in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.
28. On the trial or hearing of any action or suit by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares, it shall be sufficient to prove that the name of the members in respect of whose shares the money is sought to be recovered appears entered on the Register of members as the holder or one of the holder at or subsequently to the date at which the money sought to be recovered is alleged to have become due of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in Minute Book and that notice of such call was duly given to the members send in the pursuance of these presents and it shall not be necessary to prove the appointment of Directors who made such call or any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
29. (1) the Directors may, if they think fit subject to the provisions of Section 92 of the Act, receive form any member willing to advance the same, all or any part of the same due upon the shares held by beyond the sum actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as form time to time exceeds the amount of the call then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate to the member paying such sum in advance and the Directors agree upon.
- (2) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.



- (3) Money so Paid in excess of the amount of the calls shall not rank for the dividend and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as a part of its capital and shall be repayable to the members at the same time without notice, of the Directors so decide.

FORFEITURE, SURRENDER AND LIEN

30. If any members fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same the Directors may at any time thereafter during such time as the call or installment or any part thereof or other moneys, remain unpaid or as judgment or decree in respect thereof remains unsatisfied, in whole or in part, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
31. the notice shall name a day (not being less than 14 days from the date of the service of notice) and place or places, on and at which such call, installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time and at the place appointed, the shares in respect of which the call has was made or installment or such part or other money or such interest and expenses is or are payable and to which the notice relate, will be liable to be forfeited.
32. If the requisites of any such notice as aforesaid are or not complied with, any share in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses or other money due in respect thereof be forfeited by a resolution of the Directors to that effect, such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
33. when any share shall have been so forfeited, notice for the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, with the date thereon shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make such entry as aforesaid.
34. Any share so forfeited shall be deemed to be the property of the Company and be sold reallocated or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.
35. The director may, at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annual the forfeiture thereof upon such conditions as they think fit.
36. the forfeiture of a share shall involve the extinction of all interest in, and also of all claims and demands against the Company in respect of the share and all dividends and all other rights incidental to the share, except only of the share, expect only such of the rights, if any, as by the Articles are expressly saved.
37. A person who shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall notwithstanding forfeiture, remain liable to pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the date of forfeiture with interest thereon from the date of forfeiture until payment at such rate not exceeding nine per cent per annum as the directors, may determine, and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.
38. the provision of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
39. The Directors to the provision of the Act, accept, a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.
40. The Company shall have a first and paramount lien upon all the shares (other than fully paid shares) registered in the name of each member (whether solely or jointly) and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article hereof is to have full effect Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of a shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part, exempt from the provisions if this Clause.
41. for the purpose of enforcing such lien, the Directors may sell the share subject thereto in such manner as they shall be made unless a sum in respect of which the lien exist is presently payable and until notice in writing of the intention to sell, shall have been served on such member, of the person (if any) entitled by transmission to the shares and default should have been made by him in payment of the sum payable as aforesaid for seven days after the date of such notice.



42. The net proceeds of any such sale after payment of the costs of such sale shall be applied in of towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any shall be paid to such member or the person entitled by transmission to the shares so sold.
43. A declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly fortified on a date stated in the declaration shall be conclusive evidence of the acts therein stated as against all person claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such share.
44. Upon any sale for enforcing a lien in exercise of the powers by these presents given, the Directors may 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 proceedings nor to the application of the purchase money and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such sale or disposition nor impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
45. The Company may receive in consideration, if any, for the share on any sale, allotment or other disposition thereof, and the person to whom such shares is sold, allotted or disposed of may be registered as the holder of the share and shall not be bound to see to the application of the consideration, if any, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture sale, allotment or other disposal of the shares.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

46. The Company shall keep a book to be called "The Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share

DEMATERIALISATION OF SECURITIES DEFENATION

- 46A (1) for the purpose of this Article: "SEBI" means the securities and Exchange Board of India. "Depository" means a Company formed and registered under the Act and which has been granted a certificate of registration by SEBI under the Securities and Exchange Board of India Act, 1992.

"Beneficial Owner" Means a person or persons whose name(s) is/are recorded in the Register maintained by a Depository under the Depositories Act, 1996.

"Security" means such securities as may be specified by SEBI from time to time.

"Member" in respect of dematerialized shares means the beneficial owner thereof, i.e. the person or persons whose name (s) is/are recorded as the beneficial owner in the Register maintained by a Depository under the Depositories Act, 1996 and in respect of other shares the person or person whose name(s) is/are duly registered as a holder of a share in the Company from time to time and includes the subscribers to the Memorandum of Association.

DEMATERIALISATION OF SECURITIES

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the provision of the Depositories Act, 1996 or otherwise.

ISSUE OF SECURITIES AND OPTION FOR INVESTORS

- (3) Notwithstanding anything contained in these articles, every issue of security by the Company shall be in the dematerialized form and the Company shall intimate the details of allotment to the depository immediately on allotment of such securities.

Investors in a new issue and the beneficial owners shall have the option to rematerialise the shares subsequent to the allotment or dematerialization, as the case may be, in which event the Company shall issue to the investor/beneficiary the required certificate of securities subject to the provisions of applicable laws, rules regulations or guidelines. The shares so rematerialized shall bear new distinctive numbers so as to identify them from the shares not dematerialized.

Securities in depository mode to be in fungible form

- (4) all securities held in the depository mode with a Depository shall be dematerialized and be in fungible form. To such securities held by a depository on behalf of beneficial owner, nothing contained in section 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply.

Rights of Depositories and 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 owners 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 other membership rights in respect of the securities held by it.
- (a) Every person holding securities of the Company and whose name is entered as the beneficial owner in the register maintained by a depository shall be deemed to be a member of the Company. The beneficial owner of securities shall alone be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities held in the depository mode of which he is the beneficial owner.

Service of documents

- (6) Notwithstanding anything in the Act on Article to the contrary, where securities are held in a depository mode, the records of the beneficial owner may be served by a depository of the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor of securities effected by a transferor and transferee both of whom are entered in the Register maintained under the Depositories Act by a Depositories under as beneficial owners.

Distinctive numbers of securities held in the depository mode

- (8) Nothing contained in the Act or these Article regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held in the depository mode.

Register and Index of Beneficial Owners

- (9) The Register 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 holders of securities for the purpose of these Articles and the Act."
47. The instrument of transfer of any shares shall be in writing in the Form prescribed under the Act or Rules made there under.
48. Every such instrument of transfer shall be signed both by the Transferor and Transferee and the Transferor be deemed to remain the holder of such share until the name of the Transferee is entered in the Register of members in respect thereof.
49. (1) an Application for registration of the Transfer of shares may be made either by the Transferor or the Transferee; provided that such application is made by the Transferor, no registration shall in the case of partly paid shares shall be effected unless the Company gives notice of the Application to the Transferee and subject to the provisions of sub-clause (4), the Company shall unless objection is raised by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the Transferee in the same manner and subject to the same conditions as if the application for registration was made by the Transferee,
- (2) For the purpose of sub-clause (1) notice to the Transferee shall be deemed to have been fully given if sent by prepaid registered post to the Transferee at the address given in the instruments of transfer and shall be deemed to have been delivered at the time at which it would have been delivered to him in the ordinary course of post;
 - (3) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the Transferor and by or on behalf of the Transferee and specifying the name and address and occupation of the Transferee has been delivered to the Company along with the Certificate relating to the shares and if no such certificate is in existence, along with the letter of allotment of the shares. The directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer. Provided that where it is proved to the Satisfaction of the Directors of the Company that an instrument of transfer signed by the Transferor and Transferee has been lost, the Company may, register the transfer on such terms as to indemnity as the Directors may think fit;
 - (4) Nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any share has been transmitted by operation of law.
 - (5) Before registration any transfer tendered for registration, the Directors may, if they think fit give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within seven days from the posting of such notice to him, he shall be deemed to have admitted the Validity of the said transfer, provided that in case of nonresident members, notice be posted by registered airmail and his admittance of validity of the transfer shall be deemed only after 21 days; if no objection is received within that time.



Where no notice is received by the registered holder, the Directors will be deemed to have decided not to give notice and in any event the non-respect by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company in respect of such non-receipt.

- (6) Registration of transfer shall not be refused on the Ground that the transferor being either alone or jointly with any other person or persons is indebted to the Company on any account whatsoever except a line or share.
50. The instrument of transfer shall after registration be retained by the Company and remain in their custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.
51. The directors shall have power on giving seven days notice by advertisement as required by Section 154 of the Act, to close the transfer books of the Company for such period or periods of time not exceeding on the whole 45 days in each year but not exceeding 30 days at a time as to them seem fit.
52. No transfer shall be made to a minor or a person of unsound mind.
53. the Executors or administrators of a deceased member (whether European, Hindu, Mohamedan, Parsi or otherwise not being one of two or more joint holder) or the holder or a succession certificate shall be the only persons whom the company will be bound to recognize 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 of a Succession Certificate unless they shall first obtained Probate or Letters of Administration or a Succession Certificate as the case may be, from a duly constituted competent Court in India, Provided that in the case where the Directors may dispense with the production of Probate or Letters of Administration or a Succession Certificate and under the next Article register the name of any person who claims to be absolute entitled to the shares, standing in the name of a deceased member, as a member.
54. any person becoming entitled to any share 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 presents, may with the consent of the Directors (with they 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 article or of his title, as the Directors shall require, either by registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares provided nevertheless that if such person shall elect to have his nominee registered: he shall testify this election by executing in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of such shares. This Article is herein referred to as "The Transmission Clause"
- A transfer of the share or other interest in a company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if had been a member at the time of the execution of the transfer.
55. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the directors at the discretion shall consider sufficient. Provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
56. No fees shall be payable on transfer or transmission of shares.
57. The Company shall incur no liability or responsibility whatsoever in consequences of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of the Members) to the prejudice of person having or claiming any equitable right, title or interest or notice prohibiting registration of such transfer notwithstanding that the Company may have had notice of such equitable right, title or interest and may have entered such notice as referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall think fit.
58. Subject to Section 206 of the Act and other provision of these Articles if the Directions in their sole discretion are satisfied in regard to a registered share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.
59. The provisions of these Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.



STOCKS

60. The Company in General Meeting may by Special Resolution convert all or any of its fully paid up shares into stock and re-convert any stock into fully paid shares of any denomination. The Company shall, as required by Section 95 of the Act, give due notice to the Registrar of any such conversation.
61. When shares have been converted into stock, the several holders of such stock may, thenceforth transfer their respective interests therein or any part of such interest in the same manner and subject to the same regulations as, and subject to which, the shares from which the stock arose might previously to conversation have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.
62. The holders of stock shall, accordingly to the amount of the 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 any such aliquot part of stock as would not, if existing in shares, have conferred that privilege or advantage.
63. Such of the regulation of the Company (other than those relating to share warrants) as are applicable to fully paid up shares shall apply to stock and the words "share" and "share-holder" therein shall include "stock" and "stock holder"

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

64. The Company may from time to time in General Meeting by special resolution increase its share capital by the issue of new shares of such amount as it thinks expedient.
65. Subject to the provisions of Section 80,81,85 to 90 of the Act, the new shares shall be issued upon such conditions and with such rights and privileges annexed thereto as by the special resolution in General Meeting creating the same shall be directed and if no direction be given as the Directors shall determine and in particular, such shares may be issued subject to the provisions of the said Sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provision of the said Section with a special or without any right of voting ad subject to the provisions of Section 80 of the Act any preference share may be issued on the terms that they are or at the opinion of the Company are to be liable to be redeemed.
- 66A subject to the other provisions of these Articles and subject to any directions to the contrary that may be given by the meeting that resolves upon the increase of capital where the Directors decide to increase the Subscribed Capital of the Company by the allotment of 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, and such offer shall be made by 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; and after the expiration of such time, or on receipt of earlier intimation from the members to whom such notice is given that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company; and 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 favor of any other person and the notice aforesaid shall contain a statement of this right but so that the person or persons in whose favor any such shares may be renounced shall be such as the Directors may in their absolute discretion approve of and in case the Directors may not so approve of any such person the renunciation of any such shares in favor of such persons shall not take effect.
- 66B Notwithstanding anything contained in the preceding paragraph the further shares aforesaid may be offered to any persons (whether or not those persons include the persons of the equity shares of the Company) in any who at the date of the offer are holders manner whatsoever:-
- (a) if a special resolution to that effect is passed by the Company in general meeting or
 - (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favor 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 allotted, by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied on a application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
67. In addition to and without derogating from the powers for that purpose conferred on the Directors under these presents, the Company in General Meeting by special Resolution may determine that any shares (whether forming part of the



original capital or of any increased capital of the Company) shall be offered in the first instance to existing members in such proportion to the amount of the capital held by them and on such terms and conditions and either at a premium, or at par, or (subject to compliance with the provisions of the Act), at a discount, as such General Meeting shall determine, or make any other provisions as to the issue and allotment of the new shares, and will full power to give to any person (whether a member or holder of debenture of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at part, or subject to compliance with the provisions of the Act), at a discount and such option being exercisable at such times and for such consideration as may be directed by such General Meeting.

68. Except so far as may be otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.
69. Subject to the provisions of Section 80 of the Act, the Company shall have power to issue Preference shares which are or at the option of the Company are liable to be redeemed and the Directors may, subject to and in accordance with the provisions of Section 80, and in such manner as may be provided by the Articles or the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
70. Subject to the provision of Section 100 to 105 of the Act, and to confirmation by the Court, the Company may by special resolution, reduce its shares capital and/or any capital redemption reserve fund and/or the shares premium account in any, manner and with and subject to any incident authorized and consent required by law.
71. The Company in general meeting may subject to Section 94 of the Act by an Ordinary Resolution alter the conditions of its Memorandum as follows (that is to say) it may
- (a) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares
 - (b) sub-divide shares or any of them in to shares of smaller amounts than is fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf
 - (c) Cancel shares which at the date of passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its shares capital by the amount of the shares so cancelled.
72. If the Company shall exercise any of the powers of consolidation and division, conversion, recon version, sub-division, redemption or cancellation, it shall within one month after doing so give notice thereof to the Registrar specifying, as the cash may be, the shares consolidate, divided, converted, sub-divided, redeemed or cancelled or the stock reconverted.

MODIFICATION OF SHARES

73. Whenever the capital by reason of the issue of preference shares or otherwise, is divided into different classes of shares all or any of the rights and privileges attached to any class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted affected, abrogated or dealt with or varied by the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions herein –after contained relating to general meetings shall, mutatis mutandis, apply to every such meeting. This clause is not derogate from any power which the Company would have had if this Article were omitted. The rights conferred upon the holders of the shares (including Preference Shares, if any) of any class with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* there with
74. Where two or more persons are registered as the holders of any share they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles:
- (a) The Company shall be entitled to decline to register more than four persons as to be holders of any share.
 - (b) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such shares.
 - (c) On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and 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.
 - (d) Any one of such joint holder may give effectual receipts of any dividends or other moneys payable in respect of such share.



- (e) Only the person whose name stands first in the Register of Members as one of the joint holders of any shares shall be entitled to delivery of the certificate relating to such share or to receive notices (which expression shall be deemed to include all documents as defined in Section 2 of the Act and any notice given to such person shall be deemed notice to all joint holders) and the Company shall not be bound to issue more than one certificate and delivery of such certificate to the person whose name stands first in the Register of Members shall be sufficient delivery to all.
- (f) Any one of two or more joint holders may vote at any meeting either personally or by an agent duly authorized under a power of attorney or by proxy in respect of share as if we were solely entitled thereto and if more than one joint holders be present at any meetings personally or by proxy or by attorney that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such shares shall alone be entitled to vote in respect thereof Provided always that a person present at any meeting personally shall be entitled to vote in personally shall be entitled to vote in preference to a person, present by an agent, duly authorized under power of attorney or by proxy although the name of such person present by an agent or proxy stands first in the Register in respect of such shares. Several executors of a deceased member in whose (deceased member's) sole name for the purpose of this sub clause be deemed joint holders.

BORROWING POWERS

- 75. Subject to the provisions of Section 292 and 293 of the Act, the Directors may from time to time at their discretion raise or borrow and secure the repayment of any sum or sums of money for the purposes of the Company in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock or any mortgage or charge or other security on the whole or any part of the undertaking or property of the Company (both present and future) including its uncalled capital for the time being.
- 76. Any bonds, debentures, debenture-stocks or other securities issued or to be issued by the Company shall be made under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company and such Debentures, debenture-stock, bonds or other securities, may be made assignable free from any equities between the Company and the person to whom the same may be issued and may be issued, subject to the provisions of Act, at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, attending at General Meeting of the Company appointment of Directors and otherwise;

PROVIDED THAT

- (i) The Company shall not issue any debentures carrying voting rights at any Meeting of the Company whether generally or in respect of particular classes of business.
 - (ii) The Company shall have power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.
 - (iii) Debentures with the right to allotment of or conversion into shares shall be issued only with the consent of the Company in General Meeting.
77. The Company shall, within three months after the allotment of any of its shares, debenture stock, and within two months after the application for the registration of the transfer of any such shares debentures or debentures stock complete and have ready for delivery the certificates of all shares, the debenture and the certificates of all debenture stock allotted or transferred unless the conditions of issue of the shares debentures or debenture-stock otherwise provide.
- The expression "transfer" for the purpose of this sub-clause means a transfer duly stamped and otherwise valid, and does not include any transfer which the Company is for any reason entitled to refuse to register and does not register.
- 78. The Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charges on the undertaking of the Company or upon any of its property or assets or otherwise if the Directors or any of them or any other persons, shall become personally liable for the payment of any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
 - 79. The Board of Directors shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all Mortgages, Debentures and Charges specifically affecting the property of the Company and shall cause the requirements of Section 118, 125 and 127 to 141 of the Act in that behalf to be duly complied with, so far as they fail to be complied with by the Board of Directors.



80. The Company shall not enter on the Register of Members or of Debenture holders notice of any Trust implied as constructive.

RESERVES

81. The Directors may before recommending any dividends whether preferential or otherwise carry to reserve out of the profits of the Company such sums as they think proper and may also carry to reserve premia received upon the issue of securities (other than shares) or obligation of the Company. The Directors shall also have power to carry to reserve any surplus realized on the sale of any fixed assets of the Company or arising from a revaluation of the properties or assets of the Company. All sums standing to reserve may be applied in whole or in part from time to time in the discretion of the Directors for meeting depreciation or contingencies or for capitalization and special distribution by way of bonuses for equalizing dividends or for distribution by way of special dividend or bonuses or for repairing, improving, replacing or maintaining any of the property of the Company or for such other purpose as the Directors may in their absolute discretion think conducive to the objects of the Company or any of them and pending such application may at the like discretion either be employed in the business of the Company or be invested in such investments (with power to deal with and vary such investments), or be kept on deposit at any bank as the Directors think fit and that without being kept separate from the other assets of the Company, The Directors may divide the reserve into such special funds as they think fit and may consolidate into or fund any special funds or any parts of any special funds into which the reserve may have been divided as they think fit.

82. The income arising from any reserve fund shall be treated as part of the gross profits of the Company.

83. The Directors may also without placing the same to reserve carry over any profits which they may think it not prudent to divide.

GENERAL MEETINGS

84. The statutory meeting of the Company shall, as required by Section 165 of the Act, be held within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business and at such place as the Directors may determine, and the Directors shall comply with the other requirements of the Act as to the Report to be submitted and otherwise.

85. (i) The Company shall, in addition to any other meetings hold a General Meeting as its Annual General Meeting at the intervals, and in accordance with the provisions of the Act and the meeting shall be specified as such in the notice calling it.

(ii) An Annual General Meeting shall be held each year within six months after the expiry of each financial year PROVIDED THAT the Register may for any special reason extend the time within which any Annual General Meeting shall be held, by a further period not exceeding three months.

(iii) Except in the case, referred to in the Proviso to clause (ii) of this Article not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.

(iv) Every Annual General Meeting shall be called for any time during business hours, on a day that is not a Public Holiday, and shall be held either at the Registered Office of the Company or at some other place within the City, Town or Village in which the Registered Office of the Company may be situate.

86. All General Meeting other than the Annual General Meeting shall be Extra-ordinary General Meetings.

87. (i) The Directors may call an Extra-ordinary General Meeting whenever they think fit.

(ii) The Directors shall on the requisition of such number of members of the Company as specified in sub-section (4) of Section 169 of the Act forthwith call an Extra-ordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the provisions of Section 169 of the Act shall apply.

88. A General Meeting of the Company may be called by giving not less than 21 days' notice in writing to resident members and not less than 28 days' notice in writing by registered airmail to non-resident members but may be called after giving shorter notice if consent is accorded thereto.

(i) In the case of an Annual General Meeting by all the members entitled to vote thereat; and

(ii) In the case of any other meeting, by members of the Company 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 provided that where any members of the Company are entitled to vote only on some resolutions to be moved at a meeting and not the others those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.



89. (1) Every notice of a meeting of the Company shall specify the place and the day and hours of the meeting and shall contain a statement of the business to be transacted thereat
- (2) Notice of every meeting of the Company shall be given:
- (i) To every member of the Company either personally or by sending it by post to his registered address in India or if he is a non-resident member, by sending it by registered air-mail to his registered address.
 - (ii) To the persons entitled to a share in consequence of the death or insolvency of a member, by sending it through the post in a pre-paid letter addressed to be them by name, or by the title of representatives of the deceased or assignees of the insolvent, or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and
 - (iii) To the Auditor or Auditors for the time being of the company in any manner authorised by Section 53 of the Act.
- (3) The accidental omission to give notice to or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at meeting.
90. (1) All business to be transacted at an Annual General Meeting shall be deemed special with the exception of business relating to:
- (i) the consideration of the accounts, balance sheet and the reports of the Board of Directors and Auditors;
 - (ii) the declaration of a dividend;
 - (iii) the appointment of Directors in the place of those retiring; and
 - (iv) the appointment of and the fixing of the remuneration of the Auditors.
- (2) At any other general meeting, all business shall be deemed special.
- (3) Where any items of business to be transacted at the meeting are deemed to be Special as aforesaid there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director, the Managing Agent, if any, and the Manager, if any;
- Provided that the extent of shareholding interest of any such person or persons aforesaid shall be set out if any item of special business relates to or affects any other Company and if the extent of such shareholding interest is not less than twenty per cent of the paid up share capital of that other Company.
- Where any item of business consists of the according of approval to any document by the meeting the time and place where the document can be inspected shall be specified in the statement aforesaid.

PROCEEDINGS AT GENERAL MEETINGS

91. (1) Five members personally present shall be the quorum for a meeting of the Company. No business shall be transacted at any meeting unless the quorum requisite be present at the commencement of business.
- (2) If within half an hour from the time appointed for holding a meeting, a quorum is not present, the meeting, if called upon the requisition of members, shall stand dissolved, but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and such other time and place, as the Board may determine.
- (3) If at the adjourned meeting, also a quorum is not present within half an hour from the time appointed for holding the meeting, the members present not being less than two shall be a quorum.
92. (i) No business shall be discussed or transacted at any general meeting except the election of a Chairman while the Chair is vacant.
- (ii) The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting. If there be no Chairman or if at any meeting he shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of their members to be the Chairman and, in default of their doing so, the members present shall choose one of the Directors to be the Chairman and if no Director be present, or if all the Directors present decline to take the Chair the members present shall choose one of their members to be the Chairman thereof, on a show of hands.



If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of these Articles, the Chairman elected on a show of hands exercising all the powers of the Chairman under the said provisions. If some other person is elected Chairman as a result of the poll, he shall be Chairman for the rest of the meeting.

- (iii) The Chairman of a General Meeting may with the consent of the meeting and shall if so directed by the meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned sine die or for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid; it shall not be necessary to give any notice of an adjournment or the business to be transacted at an adjourned meeting.
93. Every question submitted to a General Meeting and every resolution put to vote of a General Meeting shall unless a poll is demanded as hereinafter provided be decided on a show of hands
94. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the vote cast in favour of or against such resolution.
95. (1) Before or on the declaration of results of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf 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 1/10th 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.
- (2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
- (3) (i) A Poll demanded on a question of adjournment shall be taken forthwith.
- (ii) A Poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in section 175 of the Act) shall be taken at such time not being later than forty-eight hours from the time when the demand was made, as the Chairman may direct
- (iii) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
96. (1) where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- (2) The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (3) Of the two scrutineers appointed under this Section one 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.
97. (1) Subject to the provisions of the Act the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.
- (2) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

VOTES OF MEMBERS

98. The Voting rights of the members shall be as follows:-

Subject to the provisions of the Act upon a show of hands every member entitled to vote and present in person shall have one vote and upon a poll every member entitled to vote and present in person or proxy shall have one vote for every share held by him. Provided that the holders of Preference shares, of any, shall have no right to vote either in person or by proxy at any general meeting by virtue or in respect of holding of Preference shares save to the extent and in manner provided by Section 87(2) of the Act.

99. No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorized under Section 187 of the Act in which case such proxy or representative may vote on a show of hands as if he were member of the Company.



100. Subject to the provisions of the Act and of these Articles any person entitled under the transmission clause to transfer any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares provided that at least 48 hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the directors of his right to transfer such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
- 101.(a) A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor of the Company including a holder of debentures may authorize such person by a resolution of its Board of Directors or other governing body as it thinks fit to act as representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company as provided in Section 187 of the Act.
- (b) A person authorized by a resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote proxy) on behalf of the body corporate which he represents as that body by could exercise if it were a member, creditor or holder of debentures of the Company. He shall be counted for the purpose of ascertaining whether a quorum of members is present.
- (c) The production at the meeting of a copy of such resolution duly signed by one director of such body corporate or by the Managing Agents or other duly authorized officer thereof and certified by him or them as being a true copy of the resolution may on production in at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment.
- 102.(1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy so appointed shall not have any right to speak at the meeting. Provided that unless where the proxy is appointed by a body corporate, a proxy shall not be entitled to vote except on a poll.
- (2) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a member.
- (3) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 hours before the time for holding the meeting or adjourned meeting in order that the appointment may be effective thereat.
- (4) The instrument appointing a proxy shall ;
- (a) be in writing and
- (b) be signed by the appointer or his attorney duly authorized in writing. or, if the appointer is a body corporate be under its seal or be signed by an officer or an attorney duly authorized by it.
- (5) Every instrument of proxy whether for a specified meeting. Or otherwise shall, as nearly as circumstances will admit, be in the form or to the effect to the following or in such other form as the Directors may approve;
- (6) An instrument appointing a proxy if in any of the forms set out in Schedule IX of the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by the Articles.
- (7) Every member entitled to vote at a meeting of the Company or on any resolution to be moved thereat, shall be entitled during the period beginning twentyfour hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged at any time during the business hours of the Company.
103. No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally, or by an agent or proxy or representative not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
104. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.
105. Any shareholder whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same rights and be subject to same liabilities as all other shares holders of the same class.
106. No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him in respect of the shares have not been paid or in regard to which the Company has and has exercised any right of lien.



107. A member is not prohibited from exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 106.
108. On a poll taken at a meeting of the Company, a member or other person entitled to votes use all his votes or cast in the same way all the votes he uses.
109. In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.
110. A copy of each of the Resolutions specified in Section 192 of the Act together with copies of the statement of material facts annexed under Section 173 to the notices of the respective meeting in which such resolutions were passed or Agreements to which Section 192 applies, shall, within fifteen days of the passing or making thereof, be printed or typewritten and duly certified under the signature of an officer of the Company and filed with the Register, and a copy of every such resolution which has the effect of altering the Articles and a copy of every such agreement for annexed to every copy of the Articles issued after the passing of such resolution or the making of such Agreement.
111. At every Annual General Meeting of the Company there shall be laid on the table the Report of the Directors, the Profit and Loss Account, Balance Sheet and Report of Auditors, such documents (if any) required by law to be annexed or attached thereto and the Register of Director's shareholding. The Auditors Report shall be read before the Company in annual general meeting and shall be open to inspection by any member of the Company.
112. (i) The Company shall comply with the Provisions of Section 188 of the Act relation to Circulation of member's Resolution.
(ii) Where by any provision contained in the Act, Special Notice is required for any Resolution, the Company shall comply with the provisions of Section 190 of the Act relating to resolution requiring Special Notice.
113. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company or the holders of any class of shares in the Company and or the Board of Directors of the Company and the resolution shall be deemed for all purposes to be passed on the date on which in fact it was passed and shall not be deemed to have been passed on any earlier date.
114. (1) The Company shall cause minutes of every general meeting and of all proceedings of general meeting of its Board of Directors or of Committee of the Board to be kept by marking within fourteen days of the conclusion of every such meeting concerned, entries thereof in books kept for the 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 books shall be dated and signed.
(a) in the case of minutes of proceedings of a meeting of the Board of a Committee thereof by the Chairman of the said meeting, or the Chairman of the next succeeding meeting.
(b) in the case of minutes of proceedings of a General Meeting by the Chairman of the same meeting within the aforesaid period of fourteen days or in the event of the death or inability of that Chairman within that period, by a director duly authorized by the Board for the purpose.
In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
All such minutes aforesaid shall be kept in the manner and in accordance with and shall contain all matters required to be included therein by the provisions of Section 193 of the Act.
115. (1) The Books containing the minutes of the proceedings of any general meeting of the Company shall;
(a) be kept at the registered office of the Company, and
(b) be open during business hours to the inspection of any member without charge subject to such reasonable restrictions as the Company may by its Article or in General Meeting impose so however that not less than two hours in each day are allowed for inspection.
(c) Copies of the Minutes of General Meeting shall be furnished in accordance with and subject to the provisions of Section 196 of the Act.
(2) No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the Proceedings of such meeting.



MANAGEMENT

116. Subject to the provisions of Section 255 and 256 of the Act, until otherwise determined by the Company in General Meeting and subject to Section 252 of the Act, the number of Directors shall not be less than 3 or more than 9, including ex-officio Directors, but excluding Debenture Directors and Mortgage Directors.
117. (a) So long as Messrs. Oswald Forest GmbH, West Germany shall be a member of the Company holding in its name and/or in the name of its name and/or in the name of its nominees no less than 25% of the equity share capital of the Company, Messrs. Oswald Forest GmbH, shall have the right to appoint one Director on the Board of the Company and to remove any Director so appointed or to appoint another Director in his place.
- (b) So long as any Indian person being a resident in India shall be a member of the Company holding in his/its name no less than 25% of the equity share capital of the Company, such Indian shareholder shall have the right to appoint one Director on the Board of the Company and to remove any Director so appointed or to appoint another Director in his place.
- (a) Such Directors as aforesaid shall be ex-officio Directors within the meaning of these Articles. Such Directors shall not be liable to retire by rotation nor shall they be taken into account for determining the number of Directors to retire by rotation.
118. The first Directors of the Company are :-
1. Mr S. G. Nevatia
 2. Ms. Sunanda Devi Birla
 3. Ms. Madhuri Nevatia
119. Any Trust Deed for securing debentures or debenture stocks may, if so arranged, provide for the appointment, from time to time, by the Trustees thereof or by the holders of debenture or debenture-stocks, of some person to be a Director of the Company and may empower such Trustees or holders of debentures or debenture stocks, from time to time, to remove and reappoint any Director so appointed. The Director appointed under this Article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provision as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
120. The right of appointment of ex-officio Directors of the Company as provided for by Article 117 shall not, subject to the provisions of the Act, be determined by any change in the style of the said Messrs. Oswald Forest GmbH, or its successors in business.
121. If and when any mortgage of the properties and undertaking of the Company is created the Mortgagees or Mortgagees may have the right to appoint and from time to time, to remove and reappoint a Director or Directors in accordance with the provisions of the Indenture of Mortgage. The Directors appointed under this Article are referred to as the "Mortgage Directors" and shall not be required to hold any qualification share, and the term "Mortgage Directors" shall be deemed to mean Directors for the time being in office under this Article.
- Such mortgage Directors shall not be removed from the said office either by the Directors or by the Company in General Meeting or otherwise.
121. (a) Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to the Industrial Credit and Investment Corporation of India Limited out of any loan granted by the said Corporation to the Company, or so long as the Industrial Credit and Investment Corporation of India Limited continue to hold shares in the Company as a result of underwriting or in any other manner whatsoever.
- The said Corporation shall have a right from time to time to appoint their nominee as a Director (hereinafter described as "ICICI Director") on the Board of the Company and to remove from such office any person so appointed and to appoint any other person in his place;
- Neither the Company nor its Board of Directors have power to remove from office the said ICICI Directors;
- The said ICICI Director shall not be required to hold any share qualification in the Company nor shall be liable to retirement by rotation of Directors. Subject as aforesaid, the said ICICI Director shall be entitled to the same rights and privileges and be subject to the Company.



- 122.A Director shall not be required to hold any qualification shares.
- 123.(a) Subject to the provision of the Act, the remuneration of the Directors shall be as fixed by the Company in General Meeting by special resolution and may be by way of fees for meetings attended or monthly payments or otherwise as may be fixed by the General Meeting by Special Resolution.
- (b) Every Director shall be entitled to the sum of Rs.500/- or such higher sum as may be prescribed pursuant to the first provision to Section 310 of Companies Act, 1956 or such meeting of the Board or of any Committee or such Committee of Directors which he attended.
- (c) In addition to the remuneration payable to them in pursuance of the Act on these Articles, the Directors may be paid or reimbursed all traveling, hotel and other expenses properly incurred by them;
- (i) In attending and returning from meeting of the Board of Directors or any committee or sub committee thereof, or
- (ii) In connection with the business of the Company.
124. The Directors (including the Managing Director, if any) shall also be paid such further remuneration (if any) as the Company in General Meeting by special resolution may from time to time determine and such further remuneration shall be divided in such proportion and manner as the Directors may from time to time agree among the selves and in default of such agreement within three months from the date of General Meeting in proportion to their respective attendances at Board Meetings during the General Meeting.
125. If any Director, being willing shall be called upon to perform extra services which expression shall include work done by a Director as a member of any committee formed or to make any special exertions in going or residing abroad, or otherwise for any of the purposes of the Company, the may subject to the provisions of the Act, remunerate such Director either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.
126. When the number of Directors in office falls below the minimum above fixed, the Directors shall not except in emergencies or for the purpose of filling up vacancies or for summoning a General Meeting of the Company, Act so long as the number is below the minimum and they may so act notwithstanding the absence of a necessary quorum.
127. A person shall not be capable of being appointed a Director of he has the Disqualification referred to in Section 274 of the Act.

Director & Contracts

128. Subject to the provision of Section 297 and other applicable provision, if any, of the Act, a Director or his relative, a firm in which such Director or relative is partner any other partner in such a firm or a private Company of which such Director is a member or Director, may 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 shares in, or debenture of the Company provided that the consent of the Company provided that the consent of the Directors is obtained by a resolution passed at a meeting of the Directors before the contract is entered into or within three months of the date on which it was entered into. No such consent, however, shall be necessary (a) to the purchase of goods and material from the Company, or sale of goods and materials to the Company, by any Director relative firm, partner or private company, as aforesaid for cash at prevailing market prices; or (b) to any such contract or contract between the Company such contract or 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 or services, in which either the company or the director, relative, firm partner or private company, as the case may be regularly trades or does business, provided that such contract or contracts do not relate to goods and materials the value of which, or services the cost of which, exceeds Rs.5,000/- in the aggregate in any year comprised in the period of the contract or contracts. The Directors so contracting or being so interested shall not be liable to the Company for any profit realized by any such contract or the fiduciary relation thereby established.
- 129.(1) Subject to the provisions of Section 299 and 300 of the Act, no Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser, agent, broker, or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be avoided nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relation thereby established; but it is declared that the nature of his interest must be disclosed by him as provided hereunder by sub-clauses (2), (3) and (4).
- (2) Every Director who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern of interest at a meeting of the Board or as provided by sub-clause (3) hereof.



- (3) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under sub-clause (1) above shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the director was not at the date of that meeting, concerned or interest in the proposed contract or arrangement, at the first meeting of the Board held after he becomes. So concerned or interested. In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting or the Board held after the Director becomes concerned or interested in the contract or arrangement.
- (4) For the purpose of this Article, a general notice given to the Board by a Director, to the effect that he is a Director or member of a specified body Corporate or is a member of a specified firm and it is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given, but may be renewed for further period of one financial year at a time, by fresh notice given in the last month of the financial year in which it would otherwise expired. The general notice aforesaid and any renewal thereof shall be give at a meeting of the Board or the Director concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Directors after it is given.
- 130.No Director, shall, as a Director, take on part in the discussion of or vote on, any contract or arrangement entered into, or to bee entered into, by or on behalf of the Company, if he is any way, whether directly or indirectly concerned or interested in such contract or arrangement, not 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 avoid; provided that the Directors or any one or more of them vote on any contract of indemnity against any loss which the Directors or any one or more of them, as the case may be, may suffer by the reason of becoming or being sureties or a surety for the Company. The aforesaid prohibition shall not apply (a) to any contract or arrangement entered into or to be entered into with a public Company which is a subsidiary of a public company, in which the interest of the Director of such Company and 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 of such company holding not more than 2% of its paid-up share capital; (b) in case of notification issued by Central Government under sub-section (3) of Section 300 of the Act to the extent specified in the notification.
- 131.(a) The Company shall in accordance with Section 301 of the Act keep one or more registers and shall enter therein separately such of the particulars as may be relevant of all contracts and arrangements having regards 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 name of the firms and bodies corporate of which notice has been given by him under Sub-clause (4) of Article 129.
- (b) Nothing in clause (a) aforesaid shall apply to any contract or arrangement for the sale, purchase or supply of any goods, materials or the cost of such services does not exceeds Rs. 1,000 in the aggregate in any year.
- 132.The register shall be kept at the registered office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies there copies thereof may be required, by any shareholder of the Company to the same extent, in the same fee, as in the case of the Register of shareholder of the Company; and the provision of the Section 163 of the Act shall apply accordingly.
- 133.A Director of the Company may be or become or a Director of any Company promoted by this 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 a Director or member of such Company.
- 134.Whenever the Company enters into a contract for the appointment of a Manager or Managing Director of the Company is directly or indirectly concerned or interested or varies and such existing contract, the Company shall in accordance with Section 302 of the Act, within 21 days from the date of entering into the contract sent an abstract of the terms of such contract or variations, as the case may be together with a memorandum clearly indicating the nature of the interest of the Director in such contract, or in such variation, to every member of the Company, and the contract shall open to the inspection or any member at the office and in his connection all other provisions of Section 302 of the Act shall be duly complied with.

VACATION OF OFFICE BY DIRECTORS

- 135.The office of a Director shall become vacant if;
- (a) he fails to obtain within the time specified in sub-section (1) of section 270 of the Act, or at any time thereafter ceases to hold, the share qualifications, if any required of him by the Articles ;
- (b) he is found to be of unsound mind by the court of competent jurisdiction;



- (c) he applies to be adjudicated an insolvent;
 - (d) he is adjudged an insolvent ;
 - (e) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
 - (f) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
 - (g) he absents himself from three consecutive meetings of the Board of the Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
 - (h) he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295;
 - (i) he acts in contravention of Section 299;
 - (j) he becomes disqualified by an order of court under Section 203;
 - (k) he is removed in pursuance of Section 284;
- or
- (l) 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;
 - (m) he resigns his office by notice in writing given to the Company.

136. Except with the consent of the Company accorded by a Special Resolution:

- (a) no Director of the Company shall hold any office or place of profit and;
- (b) no partner or relative of such a Director, no firm in which such a Director or a relative is a partner, no private Company of which such a Director is a Director or member, and no Director or manager. Of such a private Company shall hold any office or place of profit carrying a total monthly remuneration of Rupees Five Hundred or more excepts than of Managing Director, Manager, Legal or Technical Adviser, banker or Trustee for the holders of debentures of the Company:
 - (i) Under the Company or
 - (ii) Under any subsidiary of the Company, unless the remuneration received from such office or place of profit is paid over to the Company or it holding Company.

Provided that it shall be sufficient if the Special Resolution according to the consent of the Company is passed at the general meeting of the Company held for the first time after the such holding of such office or place of profit. The conditions, limitations or restriction and the exemptions contained in the Section 314 of the Act, shall apply”

137. A Director of the Company or his relative a firm in which such Director or relative is a partner, any other partner, any other partner in such firm or a Private Company in which the Director is a Member or Director may subject to the Provisions of the Section 297 of the Act and with the consent of the Board of Directors enter into any contract with the Company:

- (a) for the sale, purchase and supply of any goods, materials, or services; or
- (b) for underwriting the subscription of any shares in or debentures of the Company every consent of the Board required under this Article shall be accorded by a Resolution passed at a meeting of the Board and not otherwise; and subject to the provisions of Section 297 of the Act, such consent shall be accorded before the contract is entered into or within three months of the date on which it was entered into

138. Subject to the provision of Section 252 and 259 of the Act, the Company in the general meeting may by special resolution, increase or reduce the number of its Director above the number fixed in that behalf by the Articles.

139. Subject to the provisions of the Section 260 and 262 of the Act, the Directors shall have power at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board but so that the total number of the Director shall not exceed the maximum numbers fixed by the Articles.



- 140.(a) The Company may, by a special resolution, remove a Director before the expiry of his period of office.
- (b) Special notice shall be required of any resolution to remove a Director under this Article, or to appoint somebody instead of a Director so removed at the meeting at which he is removed.
- (c) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in general meeting or by the Board in pursuance of Section 260 or 262 of the Act, be filled by the appointment of another director, by special resolution in his stead by the meeting at which he is removed provided special notice of the intended appointment has been given under sub clause (b) above A Director so appointed shall hold office if he had not been removed as aforesaid ;
- (d) If the vacancy is not filled under sub-clause (c) above it may be filled as a casual vacancy in accordance with the provisions so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly; provided that the Director who was removed from the office shall not be re-appointed as a Director by the Board.
141. The Directors shall have power at a meeting of the Board, at any time and from time to time, to appoint any person other than a person who has been removed from office of a Directors of the Company under Article 146 to be a Director of the Company as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed Any Director so Appointed shall hold office only up to the date of the next following annual general meeting of the Company.
142. A Director including a non resident Director, may, in the case provided for in Section 313 of the Act, nominate a person as Alternate Director and the Board, if agreeable, shall appoint such person. An Alternate Director shall not hold office for a period longer than that is permissible to the original Director but that the Article shall not apply to Debenture Director, Mortgage Director or ICICI Director.
- Provided that the Board shall not appoint alternate Directors in place of Ex-officio Directors without the consent of letter.
- 143.(A) A person who is not a retiring Director shall in accordance with Section 257 of the Act and subject to the other provisions of the Act be eligible for appointment to the office of Director at any General Meeting, if he or some members intending to propose him has, 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 propose him as a candidate to that office, as the case may be, along with a deposit of five hundred rupees which shall be refunded to such person or as the case may be, to such member, if person succeeds in getting elected as a Director. The Company shall inform its members of candidature of a person for the office of Director or the intention of a member to propose such person as a Candidate for that office, by serving individual notice on the members not less than seven days before the meeting unless the Company advertiser such candidature or intention not less than seven days before the meeting according to the provisions of the Provision to Sub-Section (1A) of Section 257.
- 143.(B) A person other than a Director reappointed after retirement by rotation 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.

Rotation of Directors

144. Not less than two thirds of the total numbers of Directors shall (a) be person whose period of office is liable to determination by retirement of Directors by rotation and (b) save, as expressly provided in the Act, be appointed by the Company in General Meeting.
145. The Ex-Office Director, the Special Director, the Debenture Director and the Corporation Director shall not be subject to retirement by rotation and shall not be taken into account in determining the rotation or retirement of Directors or the number of Directors to retire.
- 146.(1) At every Annual general Meeting one-third of such of the Directors for the time being as are liable to retire by rotation or if there number is not three or a multiple of three, then the number nearest to one-third shall retire from office.
- (2) The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same days those to retire shall (unless they otherwise agree among themselves) be determined by lot provided that the Managing Director, if any, shall not retire during the term of his appointment.
- (3) A retiring Director shall be eligible for re-election and shall act as Director throughout the meaning at which he retires.



- (4) Subject to the provisions of Section 255,256,258,2259,261,264,280,281,284,314 and other applicable provisions if any, of the Act, the Company at Annual General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing the retiring Director or some other person thereto.
- (5) (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is the public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring 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 reappointed at the adjourned meeting, unless.
- (i) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
- (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary, is required for his appointment in virtue of any provisions of the Act; or
- (v) the provisions to Sub-Section (2) of Section 263 or Sub-Section (3) of Section 280 of the Act is applicable to the case.
- (6) Where the Director is to retire at the Annual General Meeting both in virtue of sub-section (2) of Section 256 and in virtue of Sub-Section (2) of Section 280 of the Act, he shall be deemed for the purposes of that Section, to retire in virtue of Sub-section 2, of Section 256 of the Act.

In this Article and in the next Article the expression retiring Director means a Director retiring by rotation.

147. The Directors may meet together as a Board for the dispatch of business and shall so meet at least once in every three months and at least for such meetings shall be held in every year.

The Directors may adjourn and otherwise regulate their meetings as they think fit.

148. A Director may at any time convene a meeting of the Directors.

149. Unless all Director agree that shorter notice be given by telex or cable or otherwise at least 21 days notice of every meeting of the Directors shall be given in writing to every Directors at the address furnished by them for the purpose provided however such notice may be posted by registered airmail in case of a non-resident Director. The notice shall contain the statement of the business to be transacted at the meeting.

150. Question arising at any time shall be decided by majority of votes and in case of equality of votes, the Chairman shall have second or casting vote, provided that the questions to be decided do not refer to the subject enumerated in the Articles.

151.(1) The Directors shall select one of themselves to be Chairman of the Boards of the Directors for such period as the resolution appointing the chairman may specify.

(2) All meetings of the Directors shall be presided over by such Chairman, if present, but if at any meetings of Directors, the Chairman be not present at the time appointed for holding the same, then and in that case., the Directors shall choose one of the Directors then present to preside at the meeting.

152.(1) The quorum at meeting of the Directors shall be as prescribed by Section 287 of the Act.

(2) A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the Authorities powers and discretion by or under the regulations or Articles of the Company for the time being vested in or exercisable by the Directors generally.

(3) If a meeting of a Board could not be held for want of quorum, then the meeting shall stand dissolved.

153. Subject to Section 292 of the Act the Directors may delegate any of theirs power to Committees consisting of such member or members of their body as they think fit, and they may from time to time revoke such delegation.

Any Committee so formed shall in the exercise of powers of delegated, conform to any regulations that may from time to time be imposed on it by the Directors, and subject thereto may regulate its own procedure. The meetings and the proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein



contained for regulating the meeting 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 this Article.

154. The Resolution shall be as valid and effectual as if it had been passed at the meeting of the Directors duly called and constituted if it has been circulated in draft together with necessary papers, if any to all the Directors at their address and has been approved by such majority as would be necessary at a meeting.

155. All acts done by any meeting of the Directors or by a Committee of Directors, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there has some defect in the appointment of such Directors or person acting as aforesaid or that they or any of them were disqualified or that their on his appointment has terminated by virtue of any provision contained in the Articles or the Act, be as valid as if every such person has been duly appointed and was qualified to be a Director, but this Article shall not be deemed to give validity to any act done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

156.(1) The Director shall cause minutes of all meetings to be kept in accordance with the Article and the provisions of the Act.

(2) The Directors shall cause minutes to be duly entered in books provided for the purpose;

- (a) Of all appointments of Officers and Committee made by the Directors;
- (b) Of the name of the Directors present at each meeting of the Directors and of any Committee of Directors;
- (c) Of all orders made by the Directors and Committee of Directors;
- (d) Of all resolution and proceedings of General Meetings and of meetings of Directors and Committees.

And any such minutes of any meeting of Directors or any Committee or of the Company, if purporting to be entered and signed in accordance with the provisions of Section 193 of the Act, shall be reversible as prima facie evidence of the matters stated in such minutes.

(3) The Company shall maintain the Following Registers. Books and Documents namely:-

- (a) Register of Investment not kept in Company's names according to Section 49 of the Act
- (b) Register of Mortgages and charges according to Section 143 of the Act.
- (c) Registers of Members or Index according to Section 150 and 157 of the Act.
- (d) Register or Index of Debenture holders according to Section 152 of the Act.
- (e) Register of Contracts, Companies and Firms in which Directors are interested according to Section 301 of the Act.
- (f) Register of Directors, according to Section 303 of the Act.
- (g) Register of Directors Shareholdings according to Section 307 of the Act.
- (h) Register of Investment in shares or debentures of bodies corporate in the same group according to section 372 of the Act.
- (i) Copy of instrument creating requiring registration according to Section 136 of the Act.
- (j) Copies of Annual Returns prepared under Section 159 and 160 of the Act together with the Copies of Certificate and documents required to be annexed thereto under Sections 160 and 161.
- (k) The Company shall comply with the provision of the said Section 301, 303, 307 and other sections of the Act with regard to inspection thereof and furnishing copies or extract so far as the same shall be applicable to the Company.

POWERS OF DIRECTORS

157. The management and control of the business of the Company shall be vested in the Directors who may pay all expenses incurred in getting up and registering the Company and may exercise all such powers of the Company and do all such acts and things as are not, by the Act or any statutory modification thereof for the time being in force by any other Act or by the Memorandum or by these Articles, required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles to the provisions of the Act or any statutory modification hereof for the time being in force or any other Act and to such regulations or provisions, as may be prescribed 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.



158. The Boards of Directors, of the Company shall exercise the following powers on behalf of the Company, and it will do so only by means of resolutions passed at a meeting of the Board by a majority of so many votes as equal to or come nearest to three quarters of the votes of all Directors;

- (a) The power to make calls on shareholders in respect of money unpaid on their shares;
- (b) The power to issue debentures;
- (c) the power to borrow moneys otherwise than on debentures;
- (d) the power to invest the funds of the Company;
- (e) the power to make loans;
- (f) the power to decide technical matters of principal importance;
- (g) the power of fixing rules and principles for the drawing up of the annual balance sheet and the profit and loss account especially concerning the evaluation and depreciation, and
- (h) the power to determine the remuneration of the Directors for extras services.

Provided that the Board by a majority of so many votes as equal to or come nearest to three quarters of the votes of all Directors delegates the power specified in clauses (c), (d) and (f) of this Article, in accordance with the provision of Section 292 of the Act.

159. The Board of Directors of the Company shall not except with the consent of the Company by special resolution in General Meeting,

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company owns more than one undertaking, or the whole or substantially the whole of any such undertaking;
- (b) remit, or give time for 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 undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on only with difficulty or only after a considerable time;
- (d) borrows moneys, where the moneys to be borrowed, together with the money already borrowed by the Company (apart from the 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;
- (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 percent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial year immediately preceding whichever is greater, provided that no contribution to any political party or for any political purpose to any individual or body shall be made except in accordance with the provisions of Section 293A of the Act.

Due regard and compliance shall be observed in regard to matters dealt with by or served in the Explanations contained in Sub-section (1) of Section 293 of the Act and in regard to limitations on the powers of the Company contained in Section 293A, of the Act.

160. The Company shall not appoint a sole selling Agent for any area for a term exceeding five years at a time, not except subject to the conditions that the appointment shall cease to be valid if it is not approved by the Company in the first general meeting held after the date on which the appointment is made. The appointment of a Selling Agent, and extension of the term of a Selling Agent shall be regulated in accordance with the Provisions of Section 294 of the Act and the Director and/or the Company in General Meeting may make the appointment re-appointment or extension of the term of office in accordance with and subject to the provisions of the said section.

161. The restriction contained in Section 292, 293, 295, 297, 299, 300, 356 to 360, 369, 370 and 372 shall be observed in regard to matters therein mentioned so far as the same be applicable to the Company.

162. Without prejudice to the general power conferred by the Article 157 and the other powers conferred by these presents and so as not in any way to limit or restrict any or all those powers, it is hereby expressly declared that subject as aforesaid, the Directors shall have the following powers:-



- 1) To pay 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 any interest lawfully payable there out under the provisions of Section 208 of the said Act,
- 3) To purchase or otherwise acquire for the Company any property, rights, or privileges which the Company is authorized to acquire at such price and generally on such terms and conditions as they think fit.
- 4) To acquire by purchase leases or in exchange or otherwise lands, buildings, establishments, machinery, equipments, hereditaments, rights, privileges or properties, moveable or immovable.
- 5) To erect, construct, enlarge, improve, alter, maintain, pull down, rebuild or reconstruct any buildings, factories, offices workshop or other structures necessary or convenient for the purposes of the Company and to acquire lands for the purpose of the Company
- 6) To let, lease, mortgage, charge, sell or otherwise dispose of, subject to the provision of Section 293 of the Act, any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respect as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they think fit.
- 7) At their discretion to pay for any property rights or privileges acquired by or services rendered to the Company either wholly or partial in cash or in shares, bonds, debentures-stock 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, debenture-stocks 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.
- 8) To insure and keep insured against damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery goods, stores, produce and other movable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance affected in pursuance of this power.
- 9) Subject to Section 292 off the Act, to open accounts with any Bank or Bankers or with any Company, firm or individual and to pay money into and draw money from any account from time to time as the Directors may think fit.
- 10) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge all or any of the property of the Company and its unpaid capital for the time being or in such manner as they may think fit.
- 11) To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in Payment for services rendered to the Company, such conditions subject to the provisions of the Act as to the transfer thereof as they think fit.
- 12) To accept from any member on such terms and conditions as shall be agreed a surrender of his shares or stock or any part thereof subject to the provisions of the Act.
- 13) To appoint any person or persons (whether incorporated or not) to accept any hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- 14) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 293 of the Act to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company.
- 15) To refer, subject to the provision of Section 293, of the Act, any claims or demands by or against the Company to arbitration and observe and perform any awards.
- 16) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- 17) To make and give receipts, release and other discharges for moneys payable to the Company subject to the provisions of Section 293 of the Act.
- 18) To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts acceptances, endorsement, cheques, dividends warrants, releases, contracts and documents.



- 19) Subject to the provision of Section 292 and 293 of the Act, to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof, upon such shares securities and/or investment (not being shares in this Company) and in such manner as they may think fit, and from time to time to vary or realize such investments.
- 20) To executes in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability 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, covenants and provisions as shall be agreed on.
- 21) Subject to such sanction as may be necessary under the Act or the Articles. To give to any Director, officer, or other person employed by the Company, and interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the General Profits of the Company, and such interest commission or share of profits shall be treated as a part of the working expenses of the Company.
- 22) The Directors may from time to time at their discretion borrow or secure payment of any sum or sums of money for the purposes of the Company.
- 23) To secure the re-payment of any sum or sums borrowed in such manner and upon such terms and conditions in all respect as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture-stock or any mortgage, charge or other security on the undertaking of the whole or any portion of the property of the Company, both present and future, including the uncalled capital for the time being
- 24) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families of the dependents or connections of such persons, by buildings or contributing to the building of houses, dwellings or crows or by grant of money, pensions allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds or trusts and providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or objects which 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 activity or otherwise.
- 25) To subscribe or contribute or otherwise to assist or to guarantee money to charitable benevolent, religious, scientific, national public, or any other funds, institutions or objects or purposes which in the option of the Board of Directors are likely to promote the interest or the business of the Company or to further its objects and/or to charitable, public or other objects and purposes or funds not directly relating to the business of the Company or the welfare of its employees or for any exhibition.
- 26) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pensions or superannuation funds for the benefits of, and give or procure the giving of donations, gratuities, pensions, allowances or employments to any person who are or were at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or with any such subsidiary Company, or who are or were at any time Directors or Officers of the Company or of any such other company as aforesaid and the wives, widows families and dependents of any such persons, and also establish and subsidize and subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interest and well-being of the company or of any such other company as aforesaid and do and of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.
- 27) Before recommending any dividend to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation fund or Reserve Fund or Sinking or any other special Fund to meet contingencies or to repay, Redeemable Preference Shares, Debentures or debenture stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes, as the Directors may, in their absolute discretion, think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investment (subject to the restriction imposed by Section 292 and 293 and other provisions of the Act) as the Directors may think fit, and from time to time to deal with and very such investments and dispose off and apply and extend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors (subject to such restriction as aforesaid) in their absolute discretion think conducive to the interest of the company notwithstanding that the matter to which the Directors apply which they may expend the same or any part thereof may be matters upon which the capital moneys of the Company might rightly be applied or expedient; and to divide the reserve fund into such special funds as the Directors think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund in the business of the Company or in repayment or redemption of redeemable



preference shares, debentures or debenture-stock and that without being bound to keep the same separate from others or to pay interest on the same, with power Howe ever to the Directors at their discretion to pay or allow to the credit of such fund interest at such rates as the Directors may think proper.

- 28) To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties and fix their salaries, or emoluments and require security in such instances and to such amounts as they think fit and from time to time to provide for the management and transactions of the affairs of the company in any specified locality in India in such manner as they think fit and the provisions contained in three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- 29) To comply with requirements of any local law which in their opinion, it shall in interest of the Company be necessary or expedient to comply with
- 30) 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 person to fix their remuneration and from time to time and at any time, but subject to Section 292 of the Act to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Directors, other than their powers to make calls, 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 Directors may think fit and the Directors may at any time remove any person so appointed and may annual or very any such delegation. Any such delegates as aforesaid may be authorized by the Directors to sub-delegate all or any of the powers authorities and discretion for the time being vested in them.
- 31) At any time and from time to time by power of attorney 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 with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such .period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of any Company or the members or any of the members, Directors, nominees or Managers of any Company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors and any such power of attorney may contain any such powers for the protection or convenience of persons dealing with such attorneys as the Directors may think fit; and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate ail or any of the powers, authorities and discretions for the time vested in them.
- 32) Subject to the provisions of the Act, generally and from time to time and at any time to authorise empower or delegate to (with or without or officers or employee for the time being of the Company all or any of the powers, authorities and discretion for the time being vested in the Directors by these presents, subject to such restrictions and conditions, if any as the Directors may think proper.
- 33) To enter into all such negotiations and contracts and rescind and vary all such contracts and to execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

MANAGING DIRECTOR

163. Subject to the provisions 97A, 267. 268. 269, 260, 310, 311, 316 and 317 of the Act, the Board by majority of so many votes as equal to or come nearest to three quarters of the votes of all Directors shall have power to appoint from time to time any of its numbers as Managing Director of the Company, for a fixed term not exceeding five years at a time and upon such conditions as the Board thinks fit. and subject to the provisions of these Articles the Board may by resolution vest in such Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions and generally upon such terms as to remuneration and otherwise as it may determine. The remuneration of a Managing Director may be by way of salary or commission or participation in profits or by any or all of these modes.
164. Until otherwise hereafter determined by the Directors, the general management of the business of the Company, subject to the control and supervisions of the Directors, shall be in the hands of the Managing Director or Managing Directors of the Company who shall have power, authority on behalf of the Com-pany to make all purchases and sales and to enter into all contracts and to do all other acts and things usually necessary, or desirable in the management of the affairs of the Company or in carrying out its objects and to institute conduct, defend, compromise, refer to arbitration and abandon legal and other proceedings claims and disputes in which the Company is concerned and to appoint and employ, in or for the



purposes of the transaction and management of the affairs and business of the Company, or otherwise for the purposes thereof and from time to time to remove or suspend such managers, engineers, experts, bankers, solicitors, agents, dealers, muckadums, brokers, clerks, workmen, servants and other employees as he or they shall think proper with such powers and duties, and upon such terms as to duration of employment, remuneration or otherwise as they shall think fit.

165. Receipt signed by the Managing Director or Managing Directors for any moneys goods or property received in the usual course of business of the Company, or for any moneys goods or property lent or payable or belonging to the Company, shall be effectual discharges on behalf of and against the Company for the moneys, funds or property, which in such receipts shall be acknowledged to be received and the person paying such moneys shall not be bound to see to the application or be answerable for the mis-application thereof. The Managing Director or Directors shall also have power to sign cheques on behalf of the Company, and to purchase and for that purpose to sign, endorse and transfer any shares, bonds Government Promissory Loan Notes or other securities of the Government of India or Local Government or of any other public body standing in the name of or belonging to. the Company, and to collect and give receipts for dividends or interest from time to time due or to become due on such shares bonds notes and securities.

166. The Managing Directors shall not exercise the powers to:-

- (1) to make calls on shareholders in respect of moneys unpaid on the shares in the Company;
- (2) issue debenture; and
- (3) except as may be delegated by the Board under Section 292 of the Act. invest the funds of the Company, or make loans and borrow moneys,

167. The Company shall not appoint or employ, or continue the appointment or employment of, any person as its Managing or Whole-time Directors who

- (a) Is an undischarged 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 offence involving moral turpitude.

168. A Managing Director, If he ceases to hold the office of Director he shall ipso facto and immediately cease* to be a Managing Director.

SECRETARY

169. The Directors may from time to time appoint, and at their discretion remove, a Secretary to keep the Registers required to be kept by the Company, to perform any other functions which by the Act or Articles for the time being of the Company are to be performed by the Secretary, and to execute any other duties which may from time to time be assigned to the Secretary by the Directors.

170. The Directors may at any time appoint a temporary substitute for the Secretary who shall for the purpose of these Articles be deemed to be the Secretary.

SEAL

171. The Directors shall provide a Common Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Directors shall provide for the safe custody of the seal and the seal shall never be used except by or under the authority of Directors or a Committee of; the Directors previously given and in presence of one Director at the least, who shall sign every instrument to which the seal is affixed and every such instrument shall be countersigned by the Secretary or such other officer or person as the Directors may from time to time resolve. The Company may exercise the powers conferred by Section 50 of the Act and such powers shall accordingly be vested in the Directors.

DIVIDENDS

172. Subject to the provisions of these Articles, the net profits of the Company (after making provision, if any, for sinking fund, depreciation and reserve funds and carrying forward balances), which shall from time to time be determined to be divided in respect of any year or other period, shall be applied first in paying the preferential dividend on the capital paid upon the Preference Shares to the close of such year or other period and the surplus shall be divisible amongst the holders of Equity Shares held by them respectively. Where a dividend is declared by the Company, the warrant in respect thereof shall be posted to the share holders entitled to payment thereof within forty two days from the date of the declaration.

No dividend shall be paid by the Company in respect of any share except to the registered holder such share or to his order or to his banker.



173. Where the capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.
174. The Company shall pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of section 208 of the Act.
175. The Company in General Meeting may, subject to Section 205 of the Act, declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to Section 207 of the Act, fix the time for payment. No dividends declared at any General Meeting shall exceed the amount recommended by the Directors.
176. No dividend shall be declared or paid otherwise than out of the 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 any previous financial year or years arrived at after providing for depreciation in accordance with the said provisions of Section 205 and remaining undistributed or out of moneys provided by the Central Government or a State Government for the payment of Dividend in pursuance of a guarantee given by that Government.
- Nothing in this article contained shall be deemed to affect in any manner the operation of Section 208 of the Act.
- No dividend shall carry interest as against the Company.
- The declaration of the Directors as to the amounts of the net profits of the Company shall be conclusive.
177. The Directors may from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies. The provisions of Article 174 shall apply in regard to payment thereof.
178. The Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Clause entitled to become a member or which any person under that Clause is entitled to transfer until such person shall become a member in respect of such share or duly transfer the same.
- A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the Transfer.
179. Subject to the provisions of the Act no member shall be entitled to receive payment to any interest or dividend in respect of his share or shares while any money may be due or owing from him to the Company in respect of such share or shares either alone or jointly with any other person or persons and the Directors. may deduct from the interest or dividend payable to any member, all sums of money so due from or to the Company. This Article shall not apply in respect of fully paid-up shares.
180. Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the order of person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant of the fraudulent or improper recovery thereof by any other means,
181. All dividends unclaimed for one year after having been declared may be invested or otherwise used by Directors for the benefit of the Company until claimed and all dividends unclaimed for six years after having been declared may be forfeited by the Directors for the benefit of the Company. Provided however that there shall be no forfeiture of unclaimed dividends till the claim thereto becomes barred by law and the Directors may at any time, annul such forfeiture and pay any such dividend.
182. Any General Meeting declaring a dividend may make a call on the members for such amount as the meeting fixes, but so that the call on each members shall not exceed the dividend payable to him and so that the call be made payable at the time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against calls.
- The making of call under this Article shall be deemed ordinary business of an Ordinary General Meeting which declares a dividend.
183. Dividends shall be payable in cash or in the manner specified in Article 180 hereof, Provided that nothing herein contained shall be deemed to prohibit the capitalization of profits or reserves of a company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.



CAPITALISATION

184. Subject to the provisions of the Act, any General Meeting may, upon the recommendations of the Directors, resolve that any moneys, investment or other asset forming part of the undivided profits of the Company, standing to the credit of any reserve fund or special account or in the hands of the Company and available for dividend and including any profits arising from the sale or revaluation of the assets of the Company or any part thereof or by reason of any other accretion to capital assets be capitalized and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such members in paying up in full either at par or at such premium as the resolution may provide any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum.

185. For the purpose of giving effect to any resolution under the two last preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates, and may fix the value for, distribution of any specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed or that fractions of less value than rupee one 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 persons entitled to the dividends or capitalised fund as may seem expedient to the Directors. Where requisite, a proper contract shall be filled in accordance with the provisions of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to dividend or capitalised fund, and such appointment shall be effective.

186. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer, and subject to the provisions of these Articles, no dividend shall be payable to any person whose name does not appear on the register of members except with the authority special or general, of the Directors.

187. Anyone of several persons who are registered as joint-holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

ACCOUNTS

188. The provisions of Section 209 to 222 of the Act shall be complied with in so far as the same be applicable to the Company.

189.(1) The Company shall cause proper books of accounts to be kept with respect to:

- (a) All sums of money received and expended by the Company and the matters in respect of which receipt and expenditure take place:
- (b) All sales and purchases of goods by the Company; and
- (c) The assets, credits and liabilities of the Company.

(2) The Books of Account shall be kept at the Registered Office of the Company or such other place or places in India as the Directors think fit and shall be open to inspection by the Directors during business hours. The Company shall preserve in good order books of account relating to a period of not less than eight years preceding the current year.

190. The Directors shall from time to time, subject to the provisions of the Act, 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 inspecting any account or books or documents of the Company except as conferred by law or authorized by the Directors or by the Company In General Meeting.

191.(1) The Directors shall lay before the Company at all the Annual General Meeting;

- (a) a Balance Sheet as at the end of the period specified in Section 210 of the Act and
 - (b) a Profit and Loss Account for that period.
- (2) The profit and loss account shall relate to a period referred to in Section 210 of the Act
- (3) Every Balance Sheet of the Company shall give a true and fair view of the state of affairs of the Company as at the end of the financial year and shall, subject to the provisions of Section 211 of the Act, be in the form required by the Act.
- (4) Every profit and Loss Account of the Company shall give a true and fair view of the profit and loss of the Company for financial year and shall subject to the provisions of Section 211 of the Act comply with the requirements of the Act relating thereto.



- (5) The provisions of Section 212 to 214 of the Act shall be complied with when ever the same are applicable:
- (6) The authentication of the Balance Sheet and Profit and Loss Account shall be done in the manner required by Section 215 of the Act.
- (7) The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditor's Report (including the Auditor's separate special or supplementary reports, it any) shall be attached thereto.
- (8) There shall be attached to every Balance Sheet laid before the Company in General Meeting a Report of the Board of Directors with respect to:-
 - (a) the state of the Company's affairs;
 - (b) the amounts, if any, which it proposes to carry to any reserve in such Balance Sheet, and
 - (c) the amount, if any, which it recommends should be paid. by way of dividend;
 - (d) material changes and commitments, if any affecting the financial position of the Company which have occurred between the end of the financial year of the company to which the Balance Sheet relates and the date of the report; and
 - (e) other reports, if any. required by Section 217 of the Act to be specified therein.

The Director's Report shall comply with other requirements of Section 217 of the Act.

192. The Balance Sheet and the Profit and Loss Account shall be signed by the person or persons and In the manner laid down in Section 215 of the Act so far as applicable to the Company.

A copy of such Balance Sheet and the Profit and Loss Account duly audited together with a copy of the Auditor's report and copy of every other document required by law to be annexed or attached as the case may be to the Balance Sheet shall, not less than twenty-one days before the date of the meeting at which the same are to be laid before the members of the Company and to every holder of debenture of the Company (not being debentures which ex-facie are payable to the bearer thereof) to every Trustee for the holders of the debentures Issued by the Company and to all persons entitled to receive them subject to the provision of Section 219 of the Act, and a copy of the same shall be deposited at the registered Office of the Company during the period of at least twenty one days before that meeting

193. After the Balance Sheet and Profit and Loss Account have been laid before the Company at the General Meeting, three copies thereof signed as may be required by the Act shall be filed with the Registrar, together with the annual list of members and certificates, if any. prepared in accordance with requirements of Section 159 of the Act so far as the same be applicable to the Company.

AUDIT

194. One at least in every year the accounts of the Company shall be examined, balanced and audited and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more Auditor or Auditors.

195. The Company shall appoint an Auditor or Auditors at each Annual General Meeting and the provisions of Sections 224 to 230 of the Act with regard to the appointment, remuneration, removal, qualifications, disqualifications, power and duties, audits of Branch Office and signature of Audit Report and reading and inspection of the Report shall apply so far as the same be applicable to the Company. The Company shall comply with the provisions of those sections so far as the same may be applicable to the Company. The Company and the Directors as the case may be, may fix the remuneration of the Auditor or Auditors as the Company or the Directors as the case may be, may think fit subject to any provisions of the Act in that behalf and may pay the same.

196. Every account when audited and approved by a General Meeting shall be conclusive except as regards any error therein discovered within three months next after the approval thereof. Whenever any such error is discovered within that period, the accounts shall forthwith be corrected and thenceforth shall be conclusive.

NOTICES

197. A Notice or any document may be served on the Company or Officer at the registered office of the Company by post under a certificate of posting or by registered post or by leaving it at its Registered Office.

The term "Notice" in this and the following Articles shall include summons, notice, requisition, order or legal process and any document in relation to or winding up of the Company.

198. A Notice may be served on the Registrar by sending it to him at his office by post under a certificate of posting or by registered post, or by delivering it to, or leaving it for him at his office



- 199.(1) A Notice may be served by the Company on any member either personally or by sending it by post to his registered address in India or if he is a non-resident member by sending it by registered airmail to his registered address.
- (2) Where the notice is sent by post:
- (a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting the letter containing the documents, provided that where these Articles prescribe a notice to be sent by registered airmail or where a member has intimated to the Company in advance that the documents 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 shall not be deemed to be effected unless it is sent in the manner prescribed by these Articles or as Intimated by the member; and
 - (b) Such service shall be deemed to have been effected:
 - (i) In the case of a notice for a meeting, at the expiration of 48 hours after the letter containing the same is posted to the resident member and at the expiration of 120 hours after such letter is posted by Registered airmail to a non resident member:
 - (ii) in any other case, at the time at which a letter would be delivered in the ordinary course of post.
- (3) A Notice advertised In a news paper circulation in the neighbourhood of the Registered Office of the Company shall be deemed to be duly served on the day on which the advertisement appears, on every member of the Company who has no registered address In India and has not supplied to the Company an address or the giving of notices to him.
- (4) A notice may be served by the Company on the joint holder of a share by serving it on the join Holder named first in the Register in respect of .the share.
- (5) A notice, may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by title of representatives of the deceased or assignees of the insolvent or by any like descript on at the address, if any, in India supplied for the purpose by the persons claim-ing to be so entitled, or until such an address has been so supplied by serving the document in any manner in which it might have been served if the death or insolvency had not .occurred.
200. Subject to the provisions of the Act, notice of every General Meeting shall be given:
- (a) To every member of the Company in the manner stipulated in Article 199 (2) of these Articles.
 - (b) To the persons entitled to a share in consequences of the death or insolvency of a member under Section 172 (2) (ii) of the Act:
 - (c) To the Auditor or Auditors in the manner authorised by Section 53 of the Act.
201. Any notice to be given by the Company shall be signed by a Director or by the Secretary or such other officer as the Directors may appoint and the signatures thereto may be written, printed or lithographed.
202. Save as otherwise expressly provided in the Act a document or proceeding requiring authentication by a Company may be signed by a Director, the Managing Agents, the Manager, the Secretary or the authorised officer of the Company and need not be under its Common Seal.
203. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given by advertisement. Notice to non-resident members, however, shall be given only in writing.
204. Any notice required to be or which may be given by advertisement shall be advertised once In one or more daily newspapers circulating in the neighborhood of the office.
205. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.
206. Where a given number of days notice or notice .extending over any other period Is required to be given, in computing such number of days or other period, the day on which service is made or deemed to have been made, whichever is earlier, shall be excluded, but the day for which notice is given shall be included.
207. Every person who by operation of law, by transfer or by other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall be duly given to the person from whom he derives his title to such share.



208. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall, notwithstanding such member be then deceased and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any registered share. whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint-holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors or administrators, and on all persons, if any, jointly interested with him in any such share.

RECONSTRUCTION

209. On any sale of the undertaking of the Company, the Directors or the liquidators on winding up may, if authorised by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not. either then existing or to be formed for the purchase in whole or in part of the property of the Company and the Directors, (if the profits of the Company permit) or the liquidators (in winding up) may distribute, such shares, or securities, of any other property of the Company amongst the members without realization, or vest the same in trustees for them and any special resolution may provide for the distribution or appropriation of the cash; shares or other securities, benefits or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory right (if any) under the Act as are incapable of being varied or excluded by these presents.

WINDING UP

210. Upon the winding up of the Company, the holders of preference Shares shall be entitled to be paid all arrears of preferential dividend whether earned or declared down to the commencement of winding up and also to be re-paid the amount of capital paid-up or credited as paid-up on such preference shares held by them, respectively, in priority to the equity shares, but shall not be entitled to any other further rights to participate in profits or assets; subject as aforesaid and to the rights of any other holders of shares entitled to receive preferential payment over the Equity shares, in the event of the winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amount of paid-up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid-up on such equity shares respectively at the commencement of the winding up. If the assets shall be insufficient to repay the whole of the paid-up equity capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members holding equity shares in proportion to the capital paid-up or which ought to have been paid up on the equity shares held by them respectively at the commencement of the winding up, other than the amounts, paid by them in advance of calls.

211. Subject to the provisions of the Act:

- (1) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution, divide amongst the contributories in specie or kind any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as the Liquidators, with the like sanction, shall think fit.
- (2) If thought expedient any such division, may, subject to the provisions of the Act, otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined any contributory who would be prejudiced thereby shall have the right, if any, to dissent-if such right be given by the Act.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the Resolution, by notice in writing direct the Liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable, act accordingly.

212. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed, may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights, if any, such rights be given by the Act.



PAYMENT OF INTEREST OUT OF CAPITAL

213. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or building or the provision of any plant which cannot be made profitable for a lengthened period the Company may pay interest on so much of that share capital as is for the time being paid-up for the period and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the costs of construction of the works or buildings or provisions of the point.
214. Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or servant of the Company shall be indemnified against and it shall be the duty of the Director to pay out of the funds of the Company, all costs, losses and expenses which any such Director, Manager or other officer or servants may incur or become liable to by reason of any contract entered into or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities including expenses incurred by him as such Director, Manager, officer or servant in defending any proceedings whether civil or criminal, in which judgement is given in his or their favour or he or they is or are acquitted or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the member over all other claims.
215. Subject to the provisions of the Act and so far as such provisions permit, no Director, Auditor or other Officer of the Company shall be liable for acts, receipts, neglects or defaults of any other Director or Officer or for jointing in any receipt or other act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall invested, or for any loss occasioned by any error of judgement, omission, default or oversight on his part or for any loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonesty.

SECRECY CLAUSE

216. Subject to the provisions of the Act, no member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's business or trading or any other matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the Company and which in the opinion of the Directors, or Managing Agents will be inexpedient in the interests of the members of the Company to communicate to the public.



**SCHEME OF ARRANGEMENT
BETWEEN
DAGGER – FORST TOOLS LIMITED
AND
ITS MEMBERS**

Under Section 391 read with Section 78, 100 and other applicable provisions of the Companies Act, 1956.

1 DEFINITIONS

In this Scheme unless inconsistent with the subject or context, the following expressions shall have the following meaning:

- 1.1 “**The Act**” means Companies Act, 1956.
- 1.2 “**Board**” means the Board of Directors of Dagger-Forst Tools Limited.
- 1.3 “**The Company**” means Dagger-Forst Tools Limited, or “**DFTL**” incorporated under the provisions of Companies Act, 1956 having its registered office at First Pokhran Road, Thane 400606, Maharashtra.
- 1.4 “**Effective Date**” means the date on which certified/Authenticated copy of the order of the High Court at Mumbai approving the Scheme is filed with Registrar of Companies, Maharashtra, Mumbai.
- 1.5 “**Scheme**” means this Scheme of Arrangement in its present form or with any modification(s) approved or imposed or directed by the High Court at Mumbai or otherwise effective by the Board.

2 CAPITAL STRUCTURE:

The Shareholders’ fund of the Company as per the balance sheet of the Company as at 31st March 2003 is as under:

| Particulars | Rs | Rs |
|---|---------------------|--------------|
| Authorised 10,000,000 Equity Shares of Rs. 10/- each | | 10,00,00,000 |
| Issued, Subscribed and Paid up Share Capital | | |
| 4,654,935 Equity Shares of Rs 10/- each | | 4,65,49,350 |
| Reserves and Surplus: | | |
| • Capital Reserves:- | | |
| • Cash Subsidy received against Fixed Assets Installed at Aurangabad | 15,00,000 | |
| • Revaluation Reserve | 23,70,37,674 | |
| • Share Forfeiture | 2,250 | |
| • Securities Premium Account | 5,71,55,840 | 29,56,95,764 |
| Total Shareholders fund | 34,22,45,114 | |

3. FINANCIAL HIGHLIGHTS

3.1 Profit & Loss Account

| Particulars | FY2002 | FY 2003 |
|---|---------|---------|
| Total Income | 1966.38 | 2317.30 |
| Gross Profit / (-) Loss before Depreciation | -536.51 | 159.36 |
| Less: Depreciation | 180.72 | 141.20 |
| Profit /(-) Loss | -717.23 | 18.16 |
| Add/(-) Less: Deferred Tax Credit/(-) Liability | -22.66 | 130.84 |
| Profit /(-) Loss before Tax | -739.89 | 149.00 |
| Less: Provision for Tax: Current Year | 0.00 | 2.00 |
| Earlier Years | 0.00 | 24.37 |
| Net Profit/ (-) Loss | -739.89 | 122.63 |



3.2 Balance Sheet

Rs. / Lacs

| Particulars | FY2002 | FY 2003 |
|-------------------------------------|---------|---------|
| Equity share Capital | 465.49 | 465.49 |
| Reserves & Surplus: Capital Subsidy | 15.00 | 15.00 |
| Securities Premium Account | 571.58 | 571.56 |
| Revaluation Reserve | 4.65 | 2370.38 |
| Shares Forfeited | 0.02 | 0.02 |
| Total Reserves | 591.23 | 2956.96 |
| Secured Loans: Long Term | 759.81 | 812.40 |
| Working Capital | 400.83 | 319.51 |
| Vehicles | 6.66 | 6.54 |
| | 1167.30 | 1138.45 |
| Misc. Expenses not w/off | 193.68 | 150.52 |
| Dr. Balance of P & L Account | 354.45 | 231.82 |

4. THE SCHEME:

On and with effect from the Effective Date, the Shareholders' Funds of the company will be reorganised in the manner set out as below:

4.1 The Authorised Share Capital of the company shall be Rs. 10,00,00,000 divided into 1,00,00,000 Equity Shares of Rs. 10/- each.

4.2 The subscribed and paid up share capital shall be Rs.4,65,49,350/- divided into 46,54,935 Equity Shares of Rs. 10/- each. This Scheme does not seek to reduce or otherwise alter Issued, Subscribed and Paid-up Capital of DFTL in any manner and the same will, therefore, remain unaltered as a result of the Scheme.

4.3 The Company has as at 31.03.2003, the following recognised losses in its books of account:

| S. No. | Particulars | Amount (in Rs/Lacs) |
|--------|--|---------------------|
| 1 | Debit Balance of Profit & Loss Account | 231.82 |
| 2 | Misc. Expenses to the extent not written off | 150.51 |

Apart from the above, the Company has following losses in its books based on the provisional accounts and management estimates as on 31.03.2004:

| S. No. | Particulars | Amount (in Rs/Lacs) |
|--------|---|---------------------|
| 3 | Impairment in the Value of Stocks | 110.30 |
| 4 | Diminution in Value of Investments other than of temporary nature | 410.16 |
| 5 | Debts considered doubtful of recovery | 111.33 |
| 6 | Loans & Advances considered doubtful of recovery | 243.31 |
| | Grand Total | 1,257.43 |

ACCOUNTING TREATMENT

4.4 It is proposed that on and from the Effective Date, Securities Premium Account, Revaluation Reserve Account, and Cash Subsidy aggregating to Rs 2956.93 lacs as appearing in the books of the Company as on 31.03.2003 shall be credited to "Reconstruction Reserve Account".

4.5 Aggregate of credit balance in the Reconstruction Reserve Account shall be utilised to write off the above losses aggregating to Rs. 1,257.43 lacs detailed as above.

4.6 After the adjustment is made in the manner as set out above, the residuary balance in the Reconstruction Reserve Account shall stand credited to General Reserves in the books of the Company.

4.7 The Application and utilisation of Securities Premium Account shall be treated as an integral part of the Scheme itself, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of



paid up share capital and the order of the Court sanctioning the Scheme, shall be deemed to be an order Section 102 of the Act confirming reduction. The Company shall not be required to add word "And Reduced" after its name.

- 4.8 The Company shall pass Special Resolution under Section 100 of the Companies Act, 1956 confirming utilisation of Securities Premium Account in the manner set out hereinabove.
- 4.9 Article 70 of the Articles of Association of the Company empowers it to reduce its Securities Premium Account in any manner by a Special resolution.
5. This Scheme is conditional upon and subject to :-
 - 5.1 A majority in number representing three-fourths in value of the members, or class of members, as the case may be, present and voting either in person or, where proxies are allowed, by proxy, at the meeting in the manner directed by the High Court of Judicature of Mumbai, agreeing to the Scheme of arrangement.
 - 5.2 The High Court of Judicature of Mumbai sanctioning the Scheme under Section 391 of the Act, with or without modifications. If the Scheme is sanctioned by the High Court with any modifications, the Scheme shall stand modified in so far as the provisions of the Scheme in relation to which the Scheme shall be so modified.
 - 5.3 Such other approvals, sanctions or consents as may be required by the order of the High Court of Judicature of Mumbai.
 - 5.4 A certified copy of the order of High Court of Judicature of Mumbai sanctioning the Scheme being filed by the Company with the Registrar of Companies, Mumbai, Maharashtra.
 - 5.5 The Arrangement under the Scheme shall, if sanctioned by the High Court of Judicature of Mumbai, be binding on all members of the class, as the case may be, of the Company and also on the Company.

FORM OF MINUTES

The Securities Premium Account of Dagger Forst Tools Limited as on the effective date shall stand reduced by Rs 5,71,55,840 (Rupees Five Crores Seventy One Lacs Fifty-five Thousand Eight Hundred Forty only).



SECTION X: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Offer Document) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Offer Document, delivered to the Registrar of Companies, Maharashtra located at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the Company situated at First Pokhran Road, Thane: 400 606 Maharashtra, India from 10.00 a.m. to 4.00 p.m. from the date of this Offer Document to until the date of Closing of the Issue.

A) Material Contracts:

1. Memorandum of Understanding entered into with M/s. Centrum Capital Limited dated 07th March, 2007 to act as Lead Manager to the Issue.
2. Memorandum of Understanding dated 07th March, 2007 entered into with M/s. Intime Spectrum Registry Limited to act as Registrar to the Issue.
3. Copy of tripartite agreement among NSDL, the Company and the Registrar, M/s. Intime Spectrum Registry Limited dated 7th September 2000;
4. Copy of tripartite agreement among CDSL, the Company and the Registrar, M/s. Intime Spectrum Registry Limited dated 7th September 2000;
5. Agreement entered with Forst Technology GmbH, for distribution of company products by Forst Technology

B) Material Documents

1. Memorandum and Articles of Association of the Company as amended from time to time;
2. Certificate of incorporation dated 4th May 1965 issued by the Registrar of Companies, Maharashtra
3. Copy of the resolution passed at the meeting of the Board of Directors held on 17th June 2005 and resolution passed under section 81(1A), 293(1)(d) of the Companies Act, 1956 at the Extra Ordinary General Meeting of the Company held on 22nd July 2005 authorising the issue.
4. Resolution dated 29th September, 2006 for borrowing powers.
5. Copy of the resolution passed in the annual general meeting dated 29th September, 2006, regarding the appointment of Mr. G.L.Lath as an Executive Director.
6. Copies of Annual reports of the Company for the years ended 2002, 2003, 15 months ended, 30th June 2004, 30th June 2005 and 9 months ended 31st March 2006.
7. Resolution of the members of the company passed at the Annual General Meeting held on 29th September 2006 appointing M/s Chaturvedi & Shah., Chartered Accountants as the statutory auditors.
8. Report of the statutory Auditor M/s Chaturvedi & Shah, Chartered Accountants, dated 17th July, 2007 as mentioned in the Offer Document.
9. Letter dated 1st June, 2007 from the tax auditors of the company M/s M.K. Sureka & Co., Chartered Accountants confirming tax benefits and tax shelter as mentioned in the Offer Document.
10. Consent letter dated 5th March, 2007 from statutory auditors, M/s Chaturvedi & Shah, Chartered Accountants for inclusion of his reports on accounts except tax benefits report and tax shelters report in the form and context in which they appear in the Offer Document.
11. Consent letter dated 26th February 2007 from tax auditor M/s M.K. Sureka & Co., Chartered Accountants for inclusion of his tax benefits report and tax shelters report in the form and context in which they appear in the Offer Document.
12. Certificate from tax auditors M/s M.K. Sureka & Co., Chartered Accountants dated 11th January, 2007 regarding the sources and deployment of funds and amount committed for Gandhidham Unit.
13. Copy of the Board Resolution dated 30th October, 2006 regarding appointment of Mr. Bhuwnesh Bansal as the company secretary and compliance officer



14. Consents of Auditors, Bankers to the Company, Lead Manager, Legal Advisors, Directors, Company Secretary, Compliance Officer, Registrars and Bankers to the Issue, to include their names in the Offer Document to act in their respective capacities.
15. Copy of letter dated 16th July, 2007 from Hemant Sethi & Co., Advocates as Legal Advisors to the Issue for vetting and approval of Offer Document.
16. Resolution of the meeting of the board of directors held on 16th January 2003 for the formation of the company's audit committee, Investor Grievances Committee.
17. General Powers of Attorney executed by Mr. Yashovardhan Birla, Ms. Avanti Birla, Mr. Vijay Agarwal, Mr. Rajesh Shah and Mr. Shailesh Sheth in favour of Mr. G.L. Lath dated 12th March, 2007 for signing and making necessary changes in this Offer Document;
18. In principle listing approvals from BSE dated May 11, 2007 respectively;
19. Due Diligence Certificate dated 09th March 2007 to SEBI from M/s. Centrum Capital Limited.
20. SEBI observation letter No. CFD/DIL/ISSUES/SM/94705/2007 dated May 28, 2007 and reply of the Lead Manager to the same dated July 18, 2007.
21. No Objection certificates from the banks & financial institution that have sanctioned (CC/OD/Term Loan) to carry on the proposed right / public issue.
22. Valuation report obtained from qualified Government approved Chartered Engineers & Valuers, M/s Anmol Shekri & Associates, Mumbai for revaluation of assets.
23. Scheme of Arrangement - Notice dated 25th August 2004 of Court convened meeting of equity share holders & Copy of High Court Order dated 4th November 2004 approving the scheme.
24. Correspondence with SEBI related to notice issued on DFTL by SEBI.

Any of the contracts or documents mentioned in this Offer Document may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.



DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with the said Issue as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Dagger Forst Tools Limited declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Offer Document have been suppressed/ withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this Offer Document, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors of the Company and Mr. Yashovardhan Birla, Chairman of the Company certify that all disclosures made in the Offer Document are true and correct.

SIGNED BY

| Sr. No. | Name of The Director | Signature |
|---------|------------------------|-----------|
| 1 | Mr. Yashovardhan Birla | |
| 2 | Ms. Avanti Birla | |
| 3 | Mr. G.L. Lath | |
| 4 | Mr. Vijay Agarwal | |
| 5. | Mr. Shailesh Sheth | |
| 6 | Mr. Rajesh Shah | |

Signed by (Company Secretary & Compliance Officer)

Mr. Bhunesh Bansal

Place: Mumbai

Date: 23rd July, 2007