



RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Dated 21.12.2006

(100% Book Building Issue)



AUTOLINE INDUSTRIES LIMITED

Originally incorporated as Autoline Stampings Private Limited vide Registration No: 11-104510 on December 16th, 1996 in Mumbai under the Companies Act, 1956 and subsequently changed its name to Autoline Industries Private Limited on 10th January, 2006 and then converted into Autoline Industries Limited, a "Public Limited Company" on 13th January, 2006 vide its CIN: U34300PN1996PLC104510

Registered Office: T-135, MIDC, Bhosari, Pune - 411026

Tel No: 020-30682011/12; **Fax No:** 020-27110540

Website: www.autolineind.com ; **Email:** ipo@autolineind.com

Contact Person: Mr. Ashutosh B Kulkarni - Company Secretary & Compliance Officer

Unit -I: S.NO. 825, Kudalwadi, Post Chikhali, Taluka Haveli, Pune-412114; **Tel No:** 020-27490022/5610; **Fax No:** 020- 27490092

Unit -II : S No 291 to 296, Nanekarwadi, Taluka Khed, Dist-Pune-410501 **Tel No:** 952135-563035

Unit -III: T-135, MIDC, Bhosari, Pune - 411026; **Tel No:** 020- 27128961/2; **Fax:** 020-27110540

Unit -IV: S. No.313, 314,320 to 323, Nanekarwadi, Chakan, Taluka Khed, Pune - 410501; **Tel No:** 952135-563035,

Unit - V: F-24/25 MIDC, Pimpri, Pune-411018; **Tel No.**020-27477376/77; **Fax:** 020-27474034

PUBLIC ISSUE OF [•] EQUITY SHARES THROUGH 100% BOOK BUILDING PROCESS OF FACE VALUE OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [•], AGGREGATING RS. 750 MILLION (HEREIN AFTER REFERRED TO AS "THE NET ISSUE"). THE ISSUE WOULD CONSTITUTE [•] % OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF AUTOLINE INDUSTRIES LIMITED

PRICE BAND: Rs. 200 TO Rs. 225 PER EQUITY SHARE OF FACE VALUE OF Rs. 10 EACH.

THE ISSUE PRICE IS 20 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 22.5 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND

The issue is being made through the 100% Book Building process where at least 50% of the Net issue to the public shall be allocated on proportionate basis to Qualified Institutional Buyers (5% of the QIB portion shall be available for allocation on proportionate basis for Mutual Funds only). If at least 50% of the Net issue cannot be allocated to QIBs, then the entire application money will be refunded. Further not less than 15% of the Net Issue to the public shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net issue to the public shall be available for allocation to Retail Individual Investors on Proportionate basis, subject to the valid bid received at or above the issue price.

In case of revision in the Price Band, the Bidding period shall be extended for 3 additional working days after such revision, subject to the Bidding/Offer period not exceeding 10 working days. Any revision in the price band and the revised bidding period, if applicable shall be widely disseminated by notification to the Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited by issuing press release and by indicating the change on the websites of the Book Running Lead Manager and the terminals of the members of the Syndicate.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Autoline Industries Limited ("the Company"), there has been no formal market for the Equity Shares of the Company. The Face value per share is Rs.10 and the issue price is [•] times the face value. The issue price (as has been determined and justified by the Book Running Lead Manager and Autoline Industries Limited as stated herein under the paragraph on 'Basis of Issue Price') should not be taken to be indicative of the market price of the equity shares after the shares are listed. No assurance can be given regarding an active and/or sustained trading in the shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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 Issuer and the Issue including the risk 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 the SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors beginning on Page No. [x] to [xviii] of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Ltd (NSE). In-principle approvals have been received vide BSE letter No. DCS/SK/SM/2006 dated October 17, 2006 & NSE letter No NSE/LIST/32505-6 dated November 06, 2006 for listing of the equity shares

Grading : The Company has not opted for IPO Grading.

BOOK RUNNING LEAD MANAGER TO THE ISSUE



BOB Capital Markets Limited
(Wholly owned Subsidiary of Bank of Baroda)
Meher Chambers, Ground & First Floor,
Dr. Sundarlal Behl Marg, Ballard Estate
Mumbai - 400038. Tel. :022-66372301-4; Fax : 022-66372312/11
Email: autoline@bobcapitalmarkets.com
Contact person: Mr. A. Daniel

REGISTRAR TO THE ISSUE



**INTIME SPECTRUM
REGISTRY LIMITED**
Intime Spectrum Registry Limited
C-13 Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W), Mumbai - 400 078
Tel: 022- 2596 0320 (16 lines) Fax: 022- 2596 0329
E-mail: autolineipo@intimespectrum.com
Contact Person: Mr. Salim Shaikh

ISSUE PROGRAMME

BID/ ISSUE OPENS ON: MONDAY, JANUARY 08, 2007

BID/ ISSUE CLOSURES ON: FRIDAY, JANUARY 12, 2007



TABLE OF CONTENTS

TITLE	PAGE NO
I. Definitions and Abbreviations	i
II. Issue Related Terms	ii
II. Risk Factors	
Forward-looking Statements and Market Data	ix
Risk Factors	x
III. Introduction	
Summary	1
Issue Details	8
General Information	9
Capital Structure	14
Objects of the Issue	29
Basis for Issue Price	46
Tax Benefits	48
IV. About Us	
Industry Overview	55
Business Overview	66
History and Corporate Structure	90
Our Management	111
Promoters	118
Dividend Policy	123
V. Financial Statements	
Financial Information of Our Company – Auditors’ Report	124
Management’s Discussion and Analysis of Financial Condition and Results of Operations	155
VI. Legal & Other Information	
Outstanding Litigations and Material Developments	170
Government Approvals / Licensing Arrangements	174
VII. Other Regulatory and Statutory Disclosures	176
VIII. Issue Information	
Terms of the Issue	183
Issue Procedure	187
IX. Main Provisions of Articles of Association	211
X. Other Information	
List of Material Contracts and Documents for Inspection	232
Declaration	235



I: DEFINITIONS AND ABBREVIATIONS

Term	Description
“The Company” or “our Company” or “Autoline Industries Ltd.” or “AIL” or “we” or “us” and “our”	Autoline Industries Ltd.”, a Public limited company incorporated under the Companies Act, 1956

A. Conventional/General Terms

Act	The Companies Act, 1956 and amendments thereto
Articles	Articles of Association of our Company
Auditors	The statutory auditors of the Company namely Gujar Rawat Sheth & Associates, Chartered Accountants.
Board/Board of Directors	Board of Directors of the Company
CAGR	Compounded Annual Growth Rate
CC	Cash Credit
CSO	Central Statistical Organisation
Directors	Directors of our Company, unless otherwise specified.
ECB	External Commercial Borrowings
FCNR(B)	Foreign Currency Non-Resident(Borrowings)
Indian GAAP	Generally accepted accounting principles in India
IT Act	The Income Tax Act, 1961, as amended from time to time
Memorandum/ Memorandum of Association	The Memorandum of Association of Autoline Industries Limited.
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 expenditure not written off) and debit balance of Profit and Loss Account, divided by number of issued equity shares.
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 Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
OCBs	Means and includes an entity defined in Clause (xi) of Regulation 2 of the Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of commencement of the Withdrawal of General Permission to Overseas Body Corporate Regulations, 2003 and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Foreign Exchange Management (Deposit) Regulations, 2000.
Registered Office	The Registered Office of the Company at T-135, MIDC, Bhosari, Pune-411026.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines 2000, issued by SEBI effective from January 27, 2000, as amended from time to time, including instructions and clarifications issued by Securities and Exchange Board of India (SEBI) constituted under the Securities and Exchange Board of India Act, 1992.
Stock Exchanges	The Bombay Stock Exchange (BSE) and The National Stock Exchange (NSE)
WCTL	Working Capital Term Loan

B. Issue related terms

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, allotment of Equity Shares pursuant to this Issue
Allottee	The successful Bidder to whom the Equity Shares are/have been issued or transferred
Banker(s) to this Issue/Escrow Collection Bank	KOTAK MAHINDRA BANK LIMITED STANDARD CHARTERED BANK ICICI BANK LIMITED
Bid	An Indication to make an offer made during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount/Bid Price	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid for this Issue
Bid/ Issue Closing Date	The date after which the Syndicate Member will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for Allotment in terms of this Red Herring Prospectus
Bid/ Issue Opening Date	The date on which the Syndicate Member shall start accepting Bids for this Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI (DIP) Guidelines 2000, in terms of which this Issue is made
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Syndicate Member
BRLM	Book Running Lead Manager to this Issue, in this case being BOB Capital Markets Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Cut-off Price	The Issue Price finalized by the Company in consultation with the BRLM.
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
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall make the Allotment to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
DIP Guidelines	SEBI (DISCLOSURE AND INVESTOR PROTECTION GUIDELINES), 2000 AND AMENDMENTS THERETO
Red Herring Prospectus /DRHP	Means this Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, 1956 which does not have complete particulars on the price at which the Equity Shares are offered and number of Equity shares offered through this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of this Issue.
Equity Shares	Equity Shares of our Company of Rs.10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid amount when submitting a Bid.

Term	Description
Escrow Agreement	Agreement entered into amongst the Company, the Registrar to this Issue, the Escrow Collection Bank(s), the BRLM and the Syndicate Member in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue Price	The fresh issue of [●] Equity Shares of Rs. 10/- each fully paid up at the Issue Price determined by the Company in terms of this Red Herring Prospectus
Issue Size	[●] Equity Shares to be issued to the Investors at the Issue Price
Issue Period	The Issue period shall be from January 08, 2007 being the Bid/Issue Opening date, to January 12, 2007, being the Bid/Issue Closing date
Issue Management Team	The team managing this Issue as set out in the section titled “General Information” in this Red Herring Prospectus
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10 % to 100% of the Bid Amount
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion or [●] Equity Shares (assuming the QIB Portion is for 50% of the Issue) available for allocation to Mutual Funds only, out of the QIB Portion
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.100,000
Non Institutional Portion	The portion of this Issue being not less than 15% of the Net Issue i.e. [●] Equity Shares of Rs.10 each available for allocation to Non Institutional Bidders
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Being the price band of a minimum price (Floor Price) of Rs. 200 and the maximum price (Cap Price) of Rs. 225 and includes revisions thereof
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price
Promoters	The following are the Promoters of the Company: Mr. Vilas Lande, Mr. Shivaji Akhade, Mr. Sudhir Mungase, Mr. M. Radhakrishnan, Mrs. Rema Radhakrishnan and M/s. Linc Wise Software Pvt. Ltd..
Promoters Contribution	The money brought in by the Promoters as part of their contribution towards the Issue.
Prospectus	The Prospectus to be filed with the ROC in terms of Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250



Term	Description
	million
QIB Portion	The portion of this Issue being up to 50% of the Net Issue to Public including the specific allocation of 5% for Mutual Funds, i.e., [●] Equity Shares of Rs.10 each available for allocation to QIBs
Red Herring Prospectus/RHP	The Red Herring Prospectus which will be filed with ROC in terms of Section 60B of the Companies Act, at least 3 days before the Bid/Issue Opening Date
Registrar/ Registrar to this Issue	Intime Spectrum Registry Limited, as indicated on the cover page of this Red Herring Prospectus
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than Rs. 100,000 in any of the bidding options in this Issue
Retail Portion	The portion of this Issue being not less than 35% of the Net Issue to Public i.e. [●] Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
Syndicate Agreement	The agreement to be entered into between the Company and the Syndicate Member, in relation to the collection of Bids in this Issue
Syndicate Member	Intermediaries registered with SEBI and eligible to act as underwriters. The Syndicate Member is appointed by the BRLM in this case being Enam Securities Pvt. Ltd.
Transaction Registration Slip/TRS	The slip or document issued by the Syndicate Member to the Bidder as proof of registration of the Bid on the online system of BSE/NSE
Underwriters	The BRLM and the Syndicate Member
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date

C. Company/ Industry-related Terms

Term	Description
ACMA	Automotive Component Manufacturers Association of India
Acre	43560 sq. ft. or 4000 sq. meters approx.
AIL Group	Means and includes all or any of the following:- <ul style="list-style-type: none"> ▪ Promoters; ▪ Issuer; ▪ Linc Wise Software Private Limited ▪ Western Pressing Private Limited ▪ Amogh Engineers Private Limited. ▪ Union Autoline Spare Parts, L.L.C. ▪ Autoline Dimensions Software Private Limited
BAL	Bajaj Auto Limited
BD	Bills Discounting
BPLR	Benchmark Prime Lending Rate
CAD/CAM	Computer Aided Design/Computer Aided Manufacturing
Chakan Project	The project of the Company on 7 acres (out of 15 acres of land) for expansion of existing capacity, setting up of State of the Art Tool Room, Paint Shop, and setting up facility for manufacture of Automated Load Body Line II at Unit I.
CKD	Completely Knocked Down Kits
CNC	Computer Numerical Controlled Machine
CR	Cold Rolled Steel – A grade of Steel used as raw material by the company
ERP	Enterprise Resource Planning
Group Company(ies)	All or any of the following companies:- <ul style="list-style-type: none"> ▪ Amogh Engineers Pvt. Ltd. ▪ Linc Wise Software Pvt. Ltd. ▪ Western Pressing Pvt. Ltd. ▪ Union Autoline Spare Parts, L.L.C. ▪ Autoline Dimensions Software Private Ltd
HCV	Heavy Commercial Vehicle



Term	Description
HR	Hot Rolled Steel – A grade of Steel used as raw material by the company
ISO/TS	International Standards Organization responsible for quality certification
LCV	Light Commercial Vehicle
MCV	Medium Commercial Vehicle
MIDC	Maharashtra Industrial Development Corporation Ltd.
MSEB	Maharashtra State Electricity Board
ODM	Offshore Designing and Manufacturing
OEMs	Original Equipment Manufacturers
P & M	Plant and Machinery
Pro-E	Proprietary Professional Engineer's Software Tools belonging to PTC,USA.
Projects	New Unit at Chakan II and expansion/ relocation of facilities at Chakan I, Kudalwadi and Bhosari, Expansion of UAE Operations, Design Engineering Unit and further acquisitions for inorganic growth.
Stokota	A MNC based in Belgium – manufacturers of tippers, trailers, etc.
Subsidiary Companies	<ul style="list-style-type: none">Western Pressing Private Limited.Autoline Dimensions Software Private Limited
SUV	Sports Utility Vehicle
T/MT	Metric Ton
TML	Tata Motors Ltd (formerly known as TELCO Ltd.)

D.ABBREVIATIONS

Term	Description
&	And
%	Per Cent
A/c	Account
AGM	Annual General Meeting of the Company
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BED	Basic Excise Duty
BIS	Bureau of Indian Standards
BOB	Bank of Baroda
BSE	Bombay Stock Exchange Limited, Mumbai
C.A.	Chartered Accountant
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CEGAT	Central Excise & Gold Appellate Tribunal
CESTAT	Customs Excise And Service Tax Appellate Tribunal
CENVAT	Central Excise Value Added Tax
CII	Confederation of Indian Industry
CIN	Corporate Identification Number
CLB	Company Law Board
DEPB	Duty Entitlement Pass Book Scheme
DP	Depository Participant
DP ID	Depository Participant's Identity
EBIDTA	Earnings before Interest, Depreciation, Tax and Amortization
ECS	Electronic Clearing System
EGM	Extra-ordinary General Meeting of the Company
EPS	Earnings Per Share
ESIS	Employees State Insurance Scheme
ESOP	Employees Stock Option Scheme
Etc./etc	Etcetra
EU	European Union
EXIM	Export Import Policy, 2002-2007
Exim/EXIM	Export Import
F.V.	Face Value

Term	Description
F.Y / FY	Financial Year or Fiscal Year. The 12 months ended March 31, of a particular year unless otherwise specified
Fax	Facsimile
FCD(s)	Fully Convertible Debentures
FCNR	Foreign Currency Non Resident
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations framed there under.
FI	Financial Institution
FICCI	Federation of Indian Chambers of Commerce and Industry
FIIs	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI and as required under Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GAAP	Generally Accepted Accounting Practices
GDP	Gross Domestic Product
Gol/Government	Government of India
HNI	High Networth Individual
Hr./hr	Hour
HUF	Hindu Undivided Family
IFSC	Indian Financial System Code
I.T. Act	Income Tax Act
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
ICWA	Institute of Cost & Works Accountants
IDBI	Industrial Development Bank of India
IPC	Indian Penal Code
IPO	Initial Public Offering
IPR	Intellectual Property Rights
IRDA	Insurance Regulatory and Development Authority
ISI	Indian Standards Institution
ISO	International Standards Organization
ITI	Industrial Training Institute
KMBL	Kotak Mahindra Bank Limited
K.G./ Kg/KG	Kilo Gram
Kms	Kilometers
KV	Kilo Volt
KVA	Kilo Volt Ampere
KW	Kilo Watt
L/C	Letter of Credit
LIBOR	London Inter Bank Offered Rate
LIC	Life Insurance Corporation of India
MAT	Minimum Alternate Tax
MCA	Ministry of Company Affairs
M/s	Messrs
MF	Mutual Fund
Min.	Minutes
MICR	Magnetic Ink Character Recognition
Misc.	Miscellaneous
Mn/mn	Million
MNC	Multi National Company
MOA	Memorandum of Association
MODVAT	Modified Value Added Tax
MOU/ MoU	Memorandum of Understanding

Term	Description
MT	Metric Ton
N.A.	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
Nos.	Numbers
NR	Non-Resident
NRE	Non Resident External Account
NRIs	Non Resident Indians as defined under FEMA
NRO	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
p.a./P.a.	Per annum
P/E	Price to Earning Ratio
PAN	Permanent Account Number allotted under the Income-Tax Act, 1961
PAT	Profit After Tax
PBDIT	Profit Before Depreciation, Interest and Tax
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
PC	Personal Computers
PF	Provident Fund
PIO	Persons of Indian Origin
Pvt	Private
QIB	Qualified Institutional Buyers
Qtr/ Qtr	Quarter
Qty	Quantity
R&D	Research & Development
RBI	Reserve Bank of India
ROC/RoC	Registrar of Companies
Rs.	Rupees
RTGS	Real Time Gross Settlement
SEBI	The Securities and Exchange Board of India
SED	Special Excise Duty
SIDBI	Small Industries Development Bank of India
Sqr/sqr	Square
Sq. Ft	Square Feet
SWOT	Strengths, Weaknesses, Opportunities and Threats
t/yr	Ton per year
TAN	Tax Deduction Account Number
Tel	Telephone
TL	Term Loan
Ton/ton/T	Ton
TPA	Ton Per Annum
TPY	Ton Per Year
TRS	Transaction Registration Slip
UAE	United Arab Emirates
UIN/ MAPIN	Unique Identification Number
UK	United Kingdom
US/USA	United States of America
USD or \$ or US \$	United States Dollar
UTI	Unit Trust of India
www	World Wide Web



SECTION I- RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are only due to rounding-off. Throughout this Red Herring Prospectus, all figures have been expressed in Millions unless otherwise stated. All references to "India" contained in this Red Herring Prospectus are to the Republic of India. For additional definitions used in this Red Herring Prospectus, see the section "Definitions and Abbreviations" on page[i] of this Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association" on page 216 of this Red Herring Prospectus, defined terms have the meanings given to such terms in the Articles of Association of the Company. Industry data used throughout this Red Herring Prospectus has been obtained from industry publications and other published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources,

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India,



FORWARD-LOOKING STATEMENTS AND MARKET DATA

In this Red Herring Prospectus, the terms “we”, “us”, “our Company”, “the Company” or “AIL” or “Autoline Industries” unless the context otherwise implies, refers to Autoline Industries Limited.

This Red Herring Prospectus contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases like “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

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

- General economic and business conditions in India;
- Our ability to successfully implement our growth strategy and expansion plans;
- Our ability to respond to technological changes;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- The loss of our key employees and staff;
- Any adverse outcome in the legal proceedings in which our Company is involved; and
- The loss or shutdown of operations of our Company at any time due to strike or labour unrest or otherwise
- The occurrence of natural disasters or calamities affecting the areas in which we have our operations.

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

Market data used throughout this Red Herring Prospectus was obtained from our internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.



I. RISK FACTORS

A. INTERNAL RISK FACTORS

- 1. The Company is promoted by first generation entrepreneurs and the investments will be subjected to all consequential risk associated with such ventures.**

The Company was promoted by first generation entrepreneurs 10 years back with no experience of the automotive industry. However our business has seen exponential growth from a contract manufacturing firm doing job work, operating out of a 3000 sq.ft rented premises with a turnover of Rs. 1.1 million in the first year of operations ended on March 31, 1996 to a turnover of Rs. 1130 million during the year ended March 31, 2006. We have now approx 400000 sq. ft of built up manufacturing space owned by us spread in five locations. The product profile has also changed substantially from simple sheet metal products to complex sub-assemblies like the critical front floor assembly for passenger car, completely fabricated load bodies for commercial vehicles, break-assemblies for LCVs, tubular formed products such as silencers, exhaust systems etc. We have also scaled up our tool room and CAD/CAM facilities by acquiring design engineering software Services Company and thus acquired offshore designing and manufacturing capability, one of the most sought-after services by multinational companies looking to India for outsourcing.

- 2. The revenues of the Company are highly dependent on a limited number of clients. The loss of business from any one of the major customers may adversely affect the revenues and profits of the Company.**

Our customer profile during the last two financial years has been as follows:-

Name	2004-05 Rs. in millions	2005-06 Rs in millions
Gross Sales	684.82	1113.26
	% of Contribution in total sales	
Tata Motors	81.09	84.39
Bajaj Auto Limited	7.25	2.75
Ganage Pressings Pvt. Ltd.	0.73	0.97
Fiat India Pvt. Ltd.	0.48	-
Kailash Vahan Udyog Ltd.	0.29	0.48
Mahindra & Mahindra Ltd.	-	0.26
Other sundry customers	10.16	11.12

We have been single source suppliers for more than 130 components to Tata Motors Indica car project . Besides, Autoline is the single source supplier of more than 250 load bodies per day for TML’s ACE, the highly successful one ton mini-truck. Thus we as well as our customers are mutually dependent on each other for our respective businesses though as a component/sub-assemblies supplier we are exposed to the risk of our customers sourcing their requirements from other suppliers who may enter the industry

- 3. The Company is dependent on external suppliers for key materials and some of the non-critical components.**

The company is dependent on external suppliers for most of the raw materials and some of the non-critical bought out components. The failure of its suppliers to deliver these materials or components in the necessary quantities could adversely affect our operations.

- 4. Any increase in prices of raw materials will raise Company’s manufacturing costs and could affect its profitability.**

The Company’s basic raw material is various grades of steel (HR and CR), which constitute generally up to 70% of the overall cost of a component. Prices of steel are subject to volatility for various reasons including international supply shortages. The automotive industry follows a transparent pricing



policy and as such we also follow a cost-plus pricing for our products in consultation with the original equipment manufacturers with quarterly price revisions for the raw material (steel). As such price variations of the raw material gets constantly adjusted and helps in maintaining the margins on an ongoing basis. However any abrupt or large- scale escalation in the prices of the raw materials can adversely affect the margins in the short term. .

5. The Company's business is dependent on its manufacturing facilities. The loss of or shutdown of operations at any of its manufacturing facilities may have a material adverse effect on its business, financial condition and results of operations.

The Company's principal manufacturing facilities at Kudalwadi, Chakan and Bhosari in Pune are subject to operating risks, such as the breakdown or failure of equipment, power supply, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of the external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

Though the Company carries out planned shutdown of plants for maintenance and we have standby power generation facilities to meet the entire requirement of our manufacturing operations and there have been no loss of production due to above factors so far, any stoppage of work due to unforeseen circumstances including the factors mentioned above may adversely affect our business, financial condition and results of operations.

6. Our business is dependent on key management personnel and their unwillingness to continue with us can adversely affect our business.

We have a team of professionals responsible for the day-to-day operations. We may lose the key management team to our competitors. If one or more members of the management team are unable or unwilling to continue with us, we may find it difficult to replace such personnel immediately and the business may be adversely affected in the short term.

7. The proposed expansion project is to be substantially funded from the proceeds of the Public issue. Any delay in raising the funds from IPO may have an adverse impact on the growth prospects of the Company.

Delays in raising funds are likely to have an impact on the growth plans of the company in the short run due to possible delay in implementing the proposed projects. If this happens, it is likely that the company may have to renegotiate with some of the suppliers and in some cases even settle for alternate suppliers for key equipment. Such processes can delay the project thereby affecting the future performance of the company. We have planned accelerated growth based on timely implementation of the expansion/diversification programs and hence any delay in raising funds through IPO can affect future performance of the company.

8. The Company has not made any definitive arrangements for the procurement of land for proposed relocation of units and some of the equipment/machinery/fixed assets for the projects, which may cause delay in implementation.

The process of negotiations for land for relocation of Kudalwadi/Jadhavwadi facilities has commenced but is yet to be finalized. Similarly placing orders for some of the equipment has been held up pending final negotiations. Due to the delay in finalization of negotiations, acquisition of land and delivery of equipment/materials may get delayed which in turn may delay project implementation.

9. The Company has significant planned capital expenditures; its capital expenditure plans may not yield the benefits intended.

Our operations require significant capital expenditure to be utilized for the purpose of setting up new manufacturing facilities and up gradation of its existing manufacturing facilities. For more details on the Company's planned expenditure please refer to the section

entitled “Objects of the Issue” on page no 30 of this Red Herring Prospectus. The figures in the capital expenditure plans are based on management estimates and have not been appraised by any bank, financial institution or other independent organization. In addition, the Company’s capital expenditure plans are subject to a number of variables, including possible cost overruns; availability of financing on acceptable terms; and changes in management’s views of the desirability of current plans, among others. There can be no assurance that any capacity addition or improvement at its facilities will be completed as planned or on schedule or that the Company will achieve its planned capacity, operational efficiency or product base, or its targeted return on investment. In view of the reasons stated above, the Company cannot assure that it will be able to execute its capital expenditure plans as contemplated. If the Company experiences significant delays or mishaps in the implementation of its capital expenditure plans or if there are significant cost overruns, then the overall benefit of such plans to its revenues and profitability may decline.

10. The Company’s inability to manage growth may lead to loss of opportunities and may hamper the Company’s future growth plans

The Company’s net profit grew at a rate of 261% in FY 2006 over FY 2005, which is substantially more than the growth it has experienced in the preceding years. While the Company has been able to successfully execute its business strategy in the past, the same may not hold true in future. The Company may be subject to growth related risks including capacity constraints and pressure on internal systems and controls. Its inability to deal with this growth could have material adverse impact on its business, operations and prospects. In order to manage its current operations and any future growth effectively, the company has to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that it will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company’s operations so that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth. Any failure on Company’s part to scale up its infrastructure and management to meet the challenges of rapid growth could cause disruptions to its business and could be detrimental to its long-term business prospects. The products manufactured by the Company find application in industries such as automobile, auto ancillaries and engineering. The growth rate in these industries is crucial for Company’s growth. The major demand for its products arises primarily due to the growth of these user industries. While recently all these industries are witnessing robust growth, any downward trend in any of these industries can affect company’s turnover and profitability.

11. *Risks specific to the proposed project*

i) Failure on our part to meet the required quality standards and supply at competitive price may affect the success of the project.

We are endeavoring to enter into certain new areas of manufacture for e.g. manufacturing of aesthetic parts such as large sized door assemblies for passenger vehicles and also tippers, trailers, etc. for the first time. Our customers will be providing the necessary parameters and will be involved till the production stabilizes. The price is also decided on the basis of the pricing norms. We have an arrangement with the Indian subsidiary of Stokota, Belgium for contract manufacturing of their range of products such as tippers, trailers, cement compactors, tankers, garbage extractors etc. Stokota, Belgium is one of the largest European manufacturers of heavy vehicle load bodies such as tippers, trailers, cement compactors, tankers, garbage extractors etc. The arrangement includes necessary technical support for manufacturing processes. However any failure on our part to meet the required quality standards and supply at competitive price may affect the success of the project.

ii) Failure on our part to recruit the required key operating personnel may adversely affect our operations.

We are yet to appoint all the key operating personnel for the proposed expansion which is critical for timely and successful implementation. Till the time all the required personnel are in position we may use the skills of our existing personnel from other units. Any failure on our part to recruit the required key operating personnel may adversely affect our operations.

- iii) **We propose to utilize upto Rs.30.56 million from the proceeds of the public issue for acquisition of companies within the automotive sector for further diversifying the product and customer profile. However we are yet to identify suitable companies for acquisition and our failure to do so will affect our proposed growth and profitability plans.**

- 12. The Company has not appointed any independent monitoring agency for the deployment of funds, which are to be raised by the present issue, in the absence of which the deployment is entirely at the discretion of the management.**

The amount being raised through the issue is proposed to be utilized for up gradation of existing manufacturing facilities, setting up of a new facility with heavy presses of 500 Tons and above capacity, paint shop, modern state of the art Tool Room, relocation of manufacturing units at Kudalwadi/Jadhavwadi, manufacturing facilities in UAE and up gradation of design engineering capabilities etc. No separate monitoring agency has been appointed for monitoring the deployment of funds raised from the public issue. However, Bank of Baroda which has extended a term loan for the project (present outstanding Rs. 130 million) as also working capital limit of Rs.107 million is constantly monitoring our activities and the project implementation. Further in terms of the requirement of the Companies Act / Listing Agreement, we will be required to disclose under a separate head status of utilization of issue proceeds through the periodical publication of working results as well as periodic returns to the Stock Exchange. For the implementation schedule, please refer to the chapter on “Objects of the Issue” on page no 30.

- 13. The Promoters/Directors of the company may derive benefits out of their direct or indirect interest in the company and be able to influence the outcome of actions requiring shareholder approval.**

The promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits such as remuneration, sitting fees etc from their holding executive positions/directorship in the Company. The promoters may also be deemed to be interested in transactions which are or may be entered into between the Company and the ventures where the Promoters are interested either as a promoter, director, partner, and proprietor or otherwise. For details of related party transactions, please refer page no 136 of the RHP. Further, after the issue is completed, the aforementioned persons may have the ability to influence the outcome of actions requiring the approval of shareholders. The interests of the promoters may be in conflict with the interests of the other investors, and investors may not agree with the way in which the promoters exercise their voting rights and powers. This could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, take-over or other business combination involving the Company, discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company. The promoters may be deemed to be in a position to influence all decisions at the shareholders’ meetings.

- 14. The Company’s product designs / brand name / logo are not protected by Intellectual Property Rights. Any misuse of the same may result in loss of business for the Company.**

The Company’s brand name/ logo are not protected by intellectual property rights. It will have no legal recourse against any unauthorized use of the same. Further, the Company has not applied for registration of its logo or any brand which may lead to unauthorized use. Any such misuse may result in dilution of brand value and loss of business for the Company.

- 15. We have certain contingent liabilities which are not acknowledged as debts presently may crystallize and may become payable at a future date which may affect our business adversely**

a) **Export Obligation:** Export Obligation in respect of saving in Custom Duty on import of machinery is to be completed up to 23.05.2008. Export obligation up to 31.03.2006 has been met by payment of proportionate duty and interest amounting to Rs.6, 97,080 as per demand raised by the Department. Amount due from 01.04.2006 cannot be worked out; hence the liability for the period upto 30.11.2006 is not defined. (Previous Year NIL)

b) As on March 31, 2006 there was Bank Guarantee outstanding against the company as follows:
(Rs. in millions)

Particulars	31.03.2006	31.03.2005
Bank Guarantees	0.66	0.66

16. There are pending litigations as detailed below:-

Company has filed a suit against the demand of Maharashtra State Electricity Board for additional electricity payment and the matter is pending in the court. No assurance can be given as to whether these matters will be settled in favor of or against the company. The following are the details:-

Case No./Year of Filing	Case Title	Forum	Nature of Case	Status and Impact (Claim Amt., Prov. made in B/Sheet)
1184 of 2003	Autoline Industries Limited V/s. Maharashtra State Electricity Board (M.S.E.B)	Civil Court, PUNE	Civil. Demand for additional electricity payment for a past period. Amount involved Rs.16,43,000/-.	Interim Application decided in company's favor in 2003.
Appeal No. 113 of 2004	M.S.E.B. V/s. Autoline Industries Limited	District Court, PUNE	Misc. Civil Appeal filed by MSEB against the above judgement of the Civil Court	Matter pending and no hearings have taken place for the past two years.

Litigations against the promoters:

The following case is filed against Shri Rajiv Radhakrishnan, as he has left the services of Satyam Computers before the expiry of the Service Bond. The Director of Autoline Industries Limited, Shri. Shivaji T. Akhade had executed a Deed of Guarantee in respect of the employment of Shri Rajiv Radhakrishnan with Satyam Computers. Therefore, Shri Shivaji T. Akhade is one of the parties to the above suit.

Case No./Year of Filing	Case Title	Forum	Nature of Case	Status and Impact (Claim Amt., Prov. made in B/Sheet)
257 of 2005	Satyam Computers Vs Shri Rajiv Radhakrishnan & Others	Civil Court, Secunderabad	Civil	Around Rs 0.25 million Prov. in B/S NIL

17. There are certain Restrictive/Negative Covenants in some of the agreements which we have entered into, during the course of our business such as:-

I] Our agreements with Banks

a) KOTAK MAHINDRA BANK LTD(KMBL)

- i) Financial covenants: AIL will not take any additional loan without prior consent of KMBL.
- ii) Operating profit margin of AIL should not fall below 6.5%
- iii) Common Covenants: Undertaking from AIL that it will not change its shareholding structure without prior consent of KMBL.



b) BANK OF BARODA

- i) During the currency of the Bank’s credit facilities, the company shall not without the prior approval of the Bank in writing:
 - effect any change in their Capital Structure
 - formulate any scheme of amalgamation or reconstruction
- ii) The company should not make any drastic change in their management set up without the bank’s permission
- iii) The company shall not declare dividend till the Current Ratio improves to 1.33. Before declaring dividend, company shall seek Bank’s prior permission.

II] Investment agreements with Foreign Venture Funds

a) Duke Special Opportunities Fund LLC

On and from the date of this Agreement, the Investor shall be entitled at all times to nominate and maintain in office one Investor Director on the Board (and to remove any Investor Director so appointed from office and to appoint another in the place of the Investor Director so removed)

b) Girvan Indian Ventures II, LLC

On and from the date of this Agreement, the Investor shall be entitled to at all times nominate and maintain in office one Investor Director on the Board (and to remove any Investor Director so appointed from office and to appoint another in the place of the Investor Director so removed)

18. There are two companies promoted by our promoters which have incurred losses in the past.

Two companies viz. Linc Wise Software Pvt. Ltd and Amogh Engineers Pvt. Ltd. promoted by our promoters have incurred losses of Rs. 0.02 million and Rs. 0.03 million respectively during the year 2005-06. However these companies, presently, are not carrying on any business activity. Profit/Loss of these companies during the past three years is tabulated below:

Linc Wise Software Pvt. Ltd		(Rs. in millions)		
Particulars	31.03.2006	31.03.2005	31.03.2004	
Profit after tax	(0.01)	14.48	(3.17)	

Amogh Engineers Pvt. Ltd.		(Rs. in millions)		
Particulars	31.03.2006	31.03.2005	31.03.2004	
Profit after tax	(0.03)	1.47	(0.02)	

We have issued shares at a price lower than issue price within last 12 months . The details are given below:

Sr No	Name of the persons/body corporates	Date of allotment	No of equity shares	Face value	Issue Price
01	Duke Special Opportunities Fund, LLC	02-12-2005	310000	10	50
02	Girvan Indian Ventures II, LLC	02-12-2005	316000	10	70
03	Girvan Indian Ventures II, LLC	31-03-2006	305000	10	100
04	TS India Holdings, LLC	04-08-2006	88323	10	130



B. EXTERNAL RISK FACTORS

19. Our inability to face competition from international players may adversely affect our operations –

With the globalization of the Indian Economy more and more international players with latest technologies are entering the Indian automotive market. Indian companies are exposed to the competition from such players. Our inability to face such competition may adversely affect our operations.

20. Any slowdown in the rate of growth of Automotive industry or slowdown in the economy could affect our growth prospects and there may be decline in profits.

Automotive industry growth is linked to the economic growth and any deceleration in economic growth will also reflect in the growth of the automobile sector. Auto component industry catering to automobile industry will be adversely affected by any decline in the growth of the auto industry. Like all the other players in the auto component industry we will also be exposed to the risk of such deceleration in the growth of the industry.

21. We face competition from other established companies in the auto components sector.

The company may face competition from other established companies and new entrants into the industry; which may affect the profitability of the company.

22. Changes if any in the Government policies, Laws, governing business policies in general taxation laws, etc., may affect the profitability of the Company.

23. Economic downturn in our country may affect our business and profitability

In case of an economic downturn caused by political instability, acts of violence, terrorist attack or any other reason whatsoever, we may not be in a position to realize optimum value for our products which may affect the profitability.

24. The prices of Equity Shares may fluctuate after listing of the shares and there is a possibility that the investors may suffer losses in case price move downward.

The prices of the Equity Shares may fluctuate after the issue as a result of several factors, including volatility in the Indian and Global securities market; the Company's results of operations and performance; performance of the Company's competitors, performance of the Industry in which the Company is operating as a whole; adverse media reports on the Company or the Industry in which the Company is operating in; changes in the estimates of the Company's performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this issue.

25. Any changes in taxation policies by the government may cause the business and the profitability of the Company to suffer:

Statutory taxes and other levies may affect the margins in the event of company's inability to pass on such expense to its customers. Any increase in any of these taxes or levies, or the imposition of new taxes and levies in the future, may have a material adverse impact on the Company's business, results of operations and financial condition.

26. Natural calamities could have a negative impact on the Indian economy and may consequently affect Company's business and profitability may suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods and drought in

the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Further prolonged spells of below normal rainfall or other weather related adversities could have a negative impact on the Indian economy, adversely affecting the Company's business and the price of the Company's Equity shares.

27. Terrorist attack, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Company's business may suffer

There have been terrorist attacks time and again, such as the one that occurred in New York and Washington D.C. on September 11, 2001 and other acts of violence, war or war-like situations may negatively affect the Indian markets and also adversely affect world wide financial markets. These acts and events may also result in a loss of business confidence and opportunities, which may ultimately have an impact on our business. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, war, terrorist attacks or other acts of violence could have a significant adverse impact on international or Indian financial markets or economic conditions or government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of Equity Shares.

Weaknesses and Threats as per the Appraisal Report of BOB Capital Markets Ltd.

The appraisal report enumerates the following weaknesses and threats

Weaknesses

- 1) Almost 80% of the sales of the company are to Tata Motors Ltd. Any change in the purchasing policy of Tata Motors Ltd can affect the operations of the company.
- 2) In order to remain competitive, Tata Motors has been stipulating cost reduction targets which is likely to put pressure on the profitability of the company.
- 3) In the present capital structure, short term funds form a large portion of the total funding of the company.
- 4) Company has availed Foreign Currency Loans although it does not have any natural hedge in terms of exports.
- 5) Management and Control systems need strengthening to keep pace with the rapid growth being achieved by the company.

Threats

- 1) Any increase in any of the taxes or levies, or the imposition of new taxes and levies in the future, may have a material adverse impact on the Company's business.
- 2) Exports of auto components from China could increase in the future resulting in greater competition for the company.
- 3) There could be significant fluctuations in price of steel, the main raw material of the company which could have an impact on the profitability of the company.
- 4) In a bid to control costs, some of the auto manufacturing companies have started purchasing components by holding e-auctions. If such a practice becomes widely prevalent, there would be downward pressure on prices thus eroding the profitability of auto component manufacturers.

Notes to Risk Factors

1. The net worth of the Company as per the audited Financial Statements of the Company as on March 31, 2006 was Rs. 212.55 million and Rs. 298.82 million as on 30.11.2006.

2. The book value per share as on March 31, 2006 was Rs. 32.32 and 42.49 as on 30.11.2006.
3. Public issue of (**) equity shares of face value of Rs.10/- each per share at a price of Rs. [] for cash at a premium aggregating Rs. 750 million (hereinafter referred to as “the issue”) and the issue would constitute (**) of the fully diluted post issue paid-up capital of the company.
4. The average cost of acquisition of Equity Shares of the Promoters is as follows:

Name of the Promoter	Average Cost of Acquisition (In Rs.)
Mr. Vilas Vithoba Lande	0.93
Mr. Shivaji Tukaram Akhade	1.47
Mr. Sudhir Vitthal Mungase	0.92
Mrs. Rema Radhakrishnan	0.72
Linc Wise Software Pvt. Ltd	6.67

5. The promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of employment and or shareholding in the company or out of any of our business relations with any of the ventures in which they are interested.

6. Details of transactions with group/subsidiary companies if any, nature of transactions and cumulative value of transactions for the year 2005-06

Name of the company	Nature of Transactions	Cumulative value (Rs.)
Western Pressings Pvt. Ltd. (wholly owned Subsidiary of Issuer Company)	Sale of material and intermediate parts	Rs. 2,758,113.00

7. No loans and advances have been made by us to any person(s)/Companies in which the Director(s) of the Company are interested.

8. Outstanding litigation against group companies

There are no outstanding litigations against any of the group companies

9. Investors are advised to refer to the Para on “Basis for Issue Price” on page No. 47 before making any investment in this Issue.
10. Investors may note that in case of oversubscription, allotment shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue Book Running 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.
11. The Issue is being made through a 100% book building process wherein up to 50% of the net issue to public will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) out of which, 5% shall be available for allocation on a proportionate basis to Mutual Funds. The remaining shall be available for allocation on proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non -Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
12. Investors may note that in case of over-subscription in the issue, allotment shall be on proportionate basis. For more information, see (Basis of Allotment) beginning on page no 207 of this Red Herring Prospectus.
13. The Promoter Group/ directors of the Company have not purchased and or sold /financed any shares of the Company during the past six months other than as disclosed in the notes to the Capital Structure beginning on page no. 14.



14. The investors may contact the BRLM or the Compliance Officer for any complaint/clarification/information pertaining to the Issue, who will be obliged to attend to the same.
15. Trading in Equity Shares of the company for all the investors shall be in dematerialized form only.

III: INTRODUCTION

Summary of the industry and business of the issuer company

You should read the following summary together with the section on “Risk Factors”, the section on “Industry” and “Our Business” and the section on “Financial Data” included in this Red Herring Prospectus.

Unless otherwise indicated, all financial and statistical data relating to the industry in the following discussion is derived from internal company reports and data, industry publications and estimates. This data has been reclassified in certain respects for purposes of presentation. For more information on the presentation of data, please refer to the section on “Forward Looking Statements and Market Data” on page [ix] in this Red Herring Prospectus.

AUTO COMPONENT INDUSTRY

The automotive industry is an important segment of the economy in any country as it links many industries and services. The fortunes of the automotive components industry are inextricably linked to the performance of its dominant customer - the automotive sector the growth of which in turn is linked to the general economic growth of the country.

The automotive industry including the auto-components sector, lends support to sectors such as metals -- mainly steel, aluminium, copper and their special alloys - and many others such as machine tools etc. The automotive components industry is more aptly described as an "agglomeration of industries" rather than as a single industry.

This sector at the end of 2005-06 had 498 firms registered with Automotive Components Manufacturers Association (ACMA). In addition, there are estimated to be more than 5,000 firms in the unorganised sector.

An automobile consists of more than 20,000 components, with each performing a different function. The automotive industry manufactures components that fall under six broad product categories according to Automotive Components Manufacturers Association (ACMA) Classification.

1. Engine Parts
2. Electrical Parts
3. Drive Transmission & Steering Parts
4. Suspension & Braking Parts
5. Equipments
6. Others

Engine Parts

Among the above broad categories of components, engine parts is the largest sub-segment. However, the electrical parts segment is the fastest growing sub-segment in the industry. Engine assembly requires high precision and adherence to very high levels of quality standards. Engine assembly also involves more than 50 components and these can be classified under three broad heads - core engine parts, fuel delivery system and others.

Electrical Parts

The main products in the electrical category include starter motors, generators, spark plugs and distributors. The new cars, launched in India over the last four to five years, have a high proportion of electrical parts. Secondly, there have been changes in the ignition technology for two-wheelers, which are moving from kick-start to electric start. These two factors have led to an increase in the size of this segment in the total industry turnover.

Drive Transmission & Steering Parts

In the drive transmission and steering parts category, gears, wheels, steering systems, axles and clutches are the important components. These components account for more than 65 per cent of the total size of this product segment.

Suspension & Braking Parts

The suspension and braking parts category comprises of leaf springs, brake assemblies, brake linings and shock absorbers etc.

Equipment

Major components in the equipment category include headlights, dashboard instruments, wiper motors and electric horns and accounts for about 7 per cent of the total market size.



Others

All components that are not classified under any of the heads listed above are clubbed under 'Others'. Sheet metal components and plastic molded parts are two of the major components here.

OUR BUSINESS

Background

We are one of the auto-component manufacturers located in Pune catering to the components and sub-assemblies requirements of leading automobile manufacturers. Three of our promoters Mr. Shivaji Akhade, Mr. Sudhir Mungase, and Mrs. Rema Radhakrishnan promoted a partnership firm in the name of Autoline Pressings in 1995 along with one Mr. L.P. Chauhan. We started contract manufacturing of sheet metal components in January 1995 from a 3000 sq.ft rented premises at Survey No.825 Kudalwadi, near MIDC, Chinchwad Area, Pune. Subsequently, a Company in the name and style of Autoline Stampings Private Limited was incorporated on December 16, 1996 with Mr. Vilas Lande joining as one of the promoters along with the partners of the firm. This company took over the partnership business. Autoline Stampings Pvt.Ltd was converted to a public limited company and renamed Autoline Industries Limited w.e.f. January 13, 2006.

We purchased the premises at Kudalwadi, Pune including the land admeasuring approx. 5500 sq. ft. in 1995. Our manufacturing unit at Kudalwadi is located about 3 KMs from Tata Motors and 5 KMs from Bajaj Auto Limited manufacturing facilities. We setup another factory in 1997-98 at Chakan, Pune with a built up area of 104,000 sq. ft. on a plot of land admeasuring 114,000 sq. ft. This factory is presently our largest manufacturing facility. We set up our 3rd manufacturing unit at MIDC, Bhosari in 1999-2000 on a 54,000 sq. ft. plot of land located near Tata Motors. All the three factories have obtained ISO/TS 16949: 2002 quality certifications.

In November 2005 we acquired Western Pressing Private Limited, with facilities for manufacturing Silencers and Exhaust Systems.

Current Operations

Automobile manufacturing is a combination of different processes such as Concept, Design, Design Engineering, Prototyping, Tooling, Manufacturing, Marketing, Sales and After-Sales-Service. Except for Design, which is carried out by a few creative designers in the world, all other process were carried on by automobile manufacturers within their own facilities except for outsourcing some of the components. However this scenario is changing fast with more and more of the functions in the value chain being outsourced and manufacturers concentrating on final assembly, marketing and selling. We, from a simple manufacturer of components have repositioned ourselves taking up Design Engineering, Prototyping, Tool making and Mass Manufacturing of critical components for leading automobile manufacturers.

We are presently manufacturing a wide variety of auto-components from our facilities at five locations. We have also set up a joint venture company in the UAE for manufacturing components for the Gulf and African markets. Though we commenced our business by contract manufacturing of sheet metal components, the range of products presently cover sub-assemblies, formed tubular products such as silencers and exhaust systems, brake shoes, load bodies for light and heavy commercial vehicles etc. Our turnover has increased from Rs. 1.1 million in 1995-96 to more than Rs. 1110 million during 2005-06. Our current manufacturing operations can be categorized into the following major product segments:

Product Range	Customer/End user Profile
Frame parts Diaphragm Assembly Aesthetic Parts Swing Arm Petrol Tank Chain Cover Scooter Wheel Rim Silencer Guard Steering Tube Assembly Front Fork Assembly Bonnet Reinforcement Assembly Center Stand Assembly Side Stand Assembly Foot Stand Assembly	Two wheeler manufacturers (OEMs)

Engine Bracketary Parts Door assemblies Engine Hood Frame Parts Aesthetic Parts Front Grill Side Panel Assembly Cross Member Load Body Tippers Driver Cabin (Rear Wall) Silencers Exhaust Systems Tubular Cross Members Mudguard Assembly	Commercial Vehicle Manufacturers(OEMs)
Frame Parts Rear Cover Assembly Upper Plate	Three Wheeler Manufacturers (OEMs)
Side Panel Assembly Front Grill Assembly Instrument Panel Assembly Scuttle Assembly Front Panel Assembly Firewall Assembly	Commercial Vehicle – Tractor Manufacturers
Pillar Top Suspension Tower Cross Member Tail Gate Assembly Hand Brake Mounting Assembly Engine Cross Member Alternator Bracket Assembly Push Rod Chamber Cover Front Floor Assembly Heat Shield Hinge Assemblies	Passenger car manufacturers
Front Panel Assembly FIP Bracket Assembly Tailgate Assembly Tailgate Panel Assembly Rear Wheel Assembly Axle Brake Assembly Mudguard Front Assembly	Assemblies for OEMs – Two wheelers, three wheelers, commercial vehicles, passenger cars.

The company supplies about 86% of its products to Tata Motors Ltd and Bajaj Auto Limited.

Our Competitive Strengths

We believe the following to be mainly our competitive strengths:

Integrated design engineering, prototyping, tooling and mass manufacturing capabilities

We have, over the years, built up capabilities for Computer Aided Designing, Computer Aided Engineering and Computer Aided Manufacturing. This puts us at an advantageous position as compared to our competitors in that from the design engineering stage to the delivery of the final product we have integrated facilities in-house. As of now we are the only integrated auto ancillary unit which can provide Design Engineering, prototype, tooling and the final product.

Strength to proactively seek opportunities for offering customized products for manufacturers in niche sectors.

We have been able to outbid competitors for providing the load bodies for the new Tata Ace Mini-truck introduced during 2004-05. We have also been able to customize for Indian market tippers, tipper trailers etc for Stokota Belgium for fixing on Heavy Commercial Vehicle chassis available in India. Stokota India has been able to market and sell their vehicles in India without having any manufacturing facility in India. This has been enabled by us.

One of the top five prime vendors of auto components with capability to provide high quality products in large volumes at competitive costs especially items requiring frequent reengineering to suit different market conditions.

We are one of the top five prime vendors of auto components in the sheet metal category in Pune. We are supplying a variety of components including important sub-assemblies to leading automobile manufacturers such as Tata Motors Limited, Bajaj Auto Limited and Mahindra & Mahindra Ltd. We have the capability to provide high quality components in large volumes and at competitive costs at very short notice, especially requiring frequent reengineering and modifications to suit different market conditions.

Ranked No.1 in terms of adherence to quality standards

We have been ranked No.1 in the sheet metal category during 2003-04 by Tata Motors Limited in terms of adherence to quality standards set by them.

Competent Management Team

We have a team of committed and competent management team who has been able to achieve 100% average business growth during the last 10 years.

Single Source Supplier

We are the single source supplier of more than 100 components for the Tata Indica, Indigo & Marino Cars. We are also the single source supplier for load bodies for the Tata Mini 1-Ton truck "Ace".

Our Strategy

Our corporate vision is "to be one of the most sought after technology driven end to end components solutions provider" and to achieve this we have adopted the following strategies:

Expand our mass manufacturing capabilities

We plan to add substantial manufacturing capacities by expanding our existing Unit-I at Chakan, Pune; set up a new manufacturing Unit-II at Chakan with presses of upto 1050 tons capacities immediately and scale it up further by installing presses of upto 1650 tons to meet the increasing demand for larger components and complex assemblies in large numbers. This will enable us to expand our sales growth substantially as well as provide bargaining power with suppliers of raw materials which in turn will help in obtaining the required material at competitive rates.

Cater to the needs of niche international players by customizing the designs of their products to suit different markets of the world and supply the same

We have shown in the case of Stokota Belgium that we have the capability to customize heavy load bodies, or any critical auto component, for that matter, to suit Indian conditions and provide the required number of



components in the shortest possible time. This capability will enable us to provide better value added products and improve profit margins.

Offer Design Engineering and Tooling Capabilities

Manufacturers in their endeavour to cut costs and time are increasingly looking to component manufacturers for Research & Development related activities. We are positioning ourselves as a leading provider of services to overseas manufacturers who are looking for outsourcing developmental work and design engineering services. We will be providing Offshore Development and Manufacturing (ODM) Model services to foreign companies by expanding capabilities in our design engineering unit i.e. Autoline Dimensions Software Private Limited. This will enable us to further improve our profitability margins.

Always adhere to the highest quality standards

We adhere to the highest quality standards and all our major manufacturing facilities have attained ISO/TS 16949: 2002 certifications.

Rationalize and streamline production

Presently we have two small manufacturing facilities at Kudalwadi and Jadhavwadi manufacturing child parts and we plan to relocate and consolidate them at one place to improve efficiency and enable cost savings.

SUMMARY FINANCIALS, OPERATING AND OTHER DATA

The following table sets forth certain summary financial data derived from our audited restated unconsolidated financial statements for the fiscal years ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period ended November 30, 2006. These have been prepared in accordance with Indian GAAP, the Companies Act, 1956 and SEBI Guidelines and the annual financial statements have been restated as described in the Auditor's Report included therewith in the section titled "Restated Unconsolidated Financial Statements" beginning on page no 125 of this Red Herring Prospectus. The summary financial data presented below should be read in conjunction with our financial statements, the notes thereto and the section titled "Selected Financial Information" on page no 125 of this Red Herring Prospectus and "Management Discussion and Analysis of Financial Condition and Results of Operations" on page no 157 of this Red Herring Prospectus.

STATEMENT OF ASSETS AND LIABILITIES (Restated)

(Rs. In Millions)

AS AT	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
ASSETS						
Gross Block	427.01	427.01	356.06	233.48	169.88	141.46
Less: Accumulated Depreciation	91.34	73.62	51.66	36.52	25.73	17.35
Less: Revaluation Reserve	2.03	2.63	3.52	4.42	5.32	6.22
Net Block	333.64	350.76	300.88	192.54	138.83	117.89
Capital Work in Progress	371.65	173.89	4.65	17.95	19.17	11.69
Investments	26.22	26.54	6.21	6.21	8.71	5.71
Current Assets, Loans & Advances						
Cash & Bank Balance	0.60	1.62	1.00	0.16	(1.19)	2.48
Inventories	184.88	127.11	94.65	75.14	44.05	39.89
Sundry Debtors	124.95	57.63	27.77	19.73	10.80	17.56
Loans & Advances	49.59	42.08	22.09	11.88	11.76	7.87
Sub Total	360.03	228.44	145.51	106.91	65.42	67.80
Liabilities & Provisions						
Secured Loans	310.55	312.79	216.91	178.21	99.15	88.23
Unsecured Loans	272.33	111.57	82.38	26.60	27.57	28.32
Current Liabilities & Provisions	209.85	142.72	70.66	47.81	48.68	51.11
Total Liabilities	792.72	567.08	369.95	252.62	175.40	167.66
Networth	298.82	212.55	87.30	70.99	56.73	35.43
Represented By:						
Share Capital	70.34	69.45	60.14	40.09	39.59	32.09
Reserves & Surplus	219.57	134.77	20.04	25.05	16.01	11.05
Less: Revaluation Reserve	2.03	2.63	3.52	4.42	5.32	6.22
Share Application Money	11.61	11.61	11.61	11.56	7.90	-
Less: Misc. Expenditure	0.65	0.65	0.97	1.29	1.45	1.49
Total	298.82	212.55	87.30	70.99	56.73	35.43

STATEMENT OF PROFIT & LOSSES (Restated)
(Rs. in Millions)

INCOME	Period ended 30.11.06	For the year ended				
		31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Sales:						
Sales of products manufactured	1,182.81	1,113.26	684.82	510.81	272.93	212.47
Less: Excise Duty	-	-	-	-	-	-
Other Income	0.88	0.96	1.10	1.09	1.13	0.89
Increase/ Decrease in Stock	57.77	32.46	19.50	31.09	4.16	13.94
Total	1,241.46	1,146.68	705.42	542.99	278.22	227.30
EXPENDITURE						
Raw Material	753.27	642.44	461.04	372.59	177.12	137.41
Manufacturing Expenses	313.41	314.00	148.44	106.84	55.31	48.07
Staff Cost	33.22	16.32	23.30	15.87	8.87	7.05
Administrative & Selling Expenses	24.90	57.93	21.56	16.05	9.83	8.57
Interest & Finance Charges	15.01	17.57	16.22	15.50	13.64	13.34
Depreciation	17.12	21.06	14.74	9.90	7.47	5.69
Misc. Expenses Written Off	-	0.31	0.32	0.31	0.28	0.27
Total	1,156.93	1,069.63	685.62	537.06	272.52	220.40
Profit Before Tax	84.53	77.05	19.80	5.93	5.70	6.90
Less: Tax Expenses	9.74	6.92	1.60	0.50	0.45	0.35
Prior Year Expenses		-	-	-	-	2.47
Deferred Tax		-	-	-	-	-
Profit After Tax	74.80	70.13	18.20	5.43	5.25	4.08
Add/ (Less): Adjustments						
Dividend Equalisation Fund	-	-	(0.48)	-	-	
Dividend	-	13.31	2.26	-	-	
Transfer to General Reserve	-	5.50	-	-	-	
Prior Year Adj.						-
Net Profit as Restated	74.80	51.32	16.42	5.43	5.25	4.08
Balance of surplus B/F		-	-	-	-	-
Balance Carried to Balance Sheet	74.80	51.32	16.42	5.43	5.25	4.08

Note: The above statements should be read with the Notes on Adjustments and Significant Accounting Policies for restated financial statements as appearing in Annexure-IV to the Auditors' Report on page No125 of this Red Herring Prospectus.



BRIEF ISSUE DETAILS

Equity shares offered:	
Fresh Issue or Net Offer to the Public	(*) Equity Shares of the face value of Rs. 10 each aggregating to Rs. 750 million
Of which:	
Qualified Institutional Buyers portion	(*) Equity Shares of the face value of Rs.10 each constituting 50% of Net Offer to the Public (Allotment on a proportionate basis)
Of which:	
Reservation for Mutual Funds	(*) Equity Shares of the face value of Rs.10 each constituting 5% of QIB portion. (Allocation on a Proportionate basis)
Balance for all QIBs including Mutual Funds	(*) Equity Shares of the face value of Rs.10 each (Allotment on a proportionate basis)
Non Institutional Portion	(*) Equity Shares of the face value of Rs.10 each constituting 15% of the Net Offer to the Public (Allocation on a proportionate basis)
Retail Portion	(*) Equity Shares of the face value of Rs.10 each constituting 35% of the Net Offer to the Public. (Allocation on a proportionate basis)
Equity Shares outstanding prior to the issue	7033511 Equity Shares of the face value of Rs. 10 each
Equity Shares outstanding after the issue	(*) Equity Shares of the face value of Rs. 10 each
Objects of the Issue	For information, please refer to the section titled “Objects of the Issue” on page 30 of this Red Herring Prospectus



GENERAL INFORMATION

We were incorporated as Autoline Stampings Private Limited on 16th December 1996. We changed the name to Autoline Industries Private Limited on January 10, 2006 and converted into a public limited company on January 13, 2006 and name changed to Autoline Industries Limited.

NAME : AUTOLINE INDUSTRIES LTD

REGISTERED OFFICE : T-135, MIDC, Bhosari, Pune – 411026, Maharashtra

Telephone : +91-20-27128961

Fax : +91-20-27110540

Registration No. : 11-104510

ROC : Registrar of Companies, Maharashtra, Pune

Address : PMT Commercial Building, 3rd Floor, Deccan Gymkhana, Pune - 411004

OUR BOARD OF DIRECTORS

BOARD OF DIRECTORS

Our Board of Directors comprising of 10 Directors. The day-to-day affairs of the company are being managed by Mr. Shivaji Akhade, Managing Director. The Board of Directors comprises of the following:

Name	Status
Mr. Vikram Bhat	Chairman & Independent Director (Non-Executive)
Mr. Shivaji T. Akhade	Managing Director
Mr. Sudhir Mungase	Wholetime Director
Mr . M. Radhakrishnan	Joint Managing Director
Mr. Gopal Patwardhan	Director (Non-Executive)
Mr. Ajit B. Karnik	Independent Director (Non-Executive)
Mr. Vijay K. Thanawala	Independent Director (Non-Executive)
Mr. Prakash B. Nimbalkar	Independent Director (Non-Executive)
Mr. Abraham Koshy	Independent Director (Non-Executive)
Mr. Stanton Dodson	Director (Non-Executive)

Brief Details of Managing Director and other Whole-time Directors

- a) **Mr. Shivaji Tukaram Akhade**, aged 40 years, is a Commerce Graduate and since inception, has been looking after the day to day affairs of the Company and manages, production, marketing as well as commercial aspects directly along-with a professional team. In addition he also exercises overall direction and control as Managing Director of the company. He is fully conversant with the technical aspects of the production processes which are being managed by experienced professionals recruited from the Automobile Industry. The Company has been able to reach current growth levels due to his vision, dedicated efforts, and dynamic leadership.
- b) **Mr. Sudhir Vithal Mungase**, aged 31 years, has experience in Sheet Metal Press Operations. He is looking after the production and maintenance of the Company’s operations under the direct supervision and guidance of the Managing Director.
- c) **Mr. M. Radhakrishnan**, aged 52 years, looks after Strategic Planning and Finance activities of the Company and works closely with the Managing Director on a day-to-day basis. He has experience of around 23 years in the field of Development Banking and Finance. He has worked in various areas of project finance, monitoring , follow up and rehabilitation of Industries in Industrial Development Bank of India (IDBI), and Small



Industries Development Bank of India (SIDBI). He has worked in senior positions at Mumbai, Kolkata, Imphal, Pune and Ahmedabad, where he was General Manager in charge of Gujarat Region, before quitting SIDBI and joining the Company on full time basis in October 2000.

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER TO THE ISSUE

BOB CAPITAL MARKETS LIMITED

(Wholly owned subsidiary of Bank of Baroda)

SEBI Registration No. INM000009926

Meher Chambers, Dr. Sunderlal Behl Marg,

Off R Kamani Marg, Ballard Estate,

Mumbai 400 038

Tel: 91-22- 6637 2301 - 04

Fax: 91-22- 6637 2311/ 6637 2312

Website: www.bobcapitalmarkets.com

Email: autoline@bobcapitalmarkets.com

Contact Person: Mr. A. Daniel

REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited

SEBI Registration No. : INR00003761

C-13 Pannalal Silk Mills Compound,

L B S Marg, Bhandup (W)

Mumbai 400 078

Tel: 91-22- 2596 0320

Fax: 91-22- 2596 0329

Website: www.intimespectrum.com

Email: autolineipo@intimespectrum.com

Contact Person: Mr. Salim Shaikh

SYNDICATE MEMBER

ENAM Securities Pvt. Ltd

Khatau Building, 2nd Floor

44 Bank Street, Fort

Mumbai-400 023

Tel: 91-22-2267 7901; Fax: 91-22-2266 5613

Website: www.enam.com

Email: ajays@enam.com

Contact Person: Mr. Ajay Sheth

ESCROW COLLECTING BANKS AND BANKERS TO THE ISSUE

Kotak Mahindra Bank Ltd

6th Floor, Dani Corporate Park

158 C.S.T. Road, Kalina

Santa Cruz, Mumbai 400 098

Tele: 91-22-67595000

Fax: 91-22-67595050

Website: www.kotak.com

ICICI Bank Limited

ICICI Towers

Bandra Kurla Complex, Bandra East

MUMBAI

Standard Chartered Bank

90 Mahatma Gandhi Road, 2nd Floor

Fort, Mumbai 400-001

Tele: 91-22-22063294

Tax: 91-22-22696925

Website: www.standardchartered.co.in



BANKERS TO THE COMPANY

BANK OF BARODA

Branch Address: Specialised SSI Branch, Khoja Building, Mumbai- Pune Road, Pimpri, Pune: 411018
Ph. Nos.: 91-020 27488471 / 27422133; Fax No.: 91-020 27423455
Contact Person: Mr. Anil Kokje, Branch Manager
E-Mail: www.bankofbaroda.com

KOTAK MAHINDRA BANK LTD.

Branch Address: M-4, Virwani Plaza, 11, East Street, Pune: 411 001
Ph. Nos.: 26333659 Fax No.: 26333696
Contact Person: Mr. Gouresh Naik, Manager
E-Mail: www.kotak.com

COMPANY SECRETARY AND COMPLIANCE OFFICER

MR. ASHUTOSH B. KULKARNI

Company Secretary & Compliance Officer
T-135, MIDC, Bhosari
Pune – 411026.
Maharashtra, India
Tel.: 91-20-27128961/2
Fax: 91-20-27110540
E-Mail: ipo@autolineind.com
Web Site: www.autolineind.com

The Investors are requested to contact the Compliance Officer in case of any pre-Issue/post-Issue related problems such as non-receipt of letter of allotment/share certificate/refund orders/demat credits not made etc.

LEGAL ADVISOR TO THE ISSUE

Mr. Sushil Nimbkar, Advocate
Flat No.8, Anurag Apartments,
Beside Marathe Nursing Home,
Kothrud, Pune – 411038
Tel: 91-20-25430241

AUDITORS TO THE COMPANY

GUJAR RAWAT SHETH & ASSOCIATES

Chartered Accountants
4/1st Floor, Shivdarshan Chambers,
457/58, Market Yard
Pune-411 037
Telefax: 020 – 24269496, 24269497
E-Mail: ybsheth_ca@vsnl.net

TRUSTEES

This being an issue of Equity Shares, appointment of trustees is not required.

CREDIT RATING

This being an equity share issue credit rating of the security is not required.

Grading: The Company has not opted for Grading of this Initial Public Offering.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the Designated Stock Exchange, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:



This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the Designated Stock Exchange.

Name and address of the underwriter	Indicated no. of equity shares to be underwritten	Amount underwritten (Amt. in Rs. million)
BOB Capital Markets Ltd. Meher Chambers Dr. Sunderlal Behl Marg Off: R.Kamani Road Ballard Estate, Mumbai-400038	[*]	[*]
Other Underwriters	[*]	[*]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•] 2006.

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

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will also be required to procure/subscribe to the extent of the defaulted amount. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them, provided, however, it is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that their respective Syndicate Members do not fulfill their underwriting obligations. Allocation to QIBs is discretionary as per the terms of this Red Herring Prospectus and may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

MINIMUM SUBSCRIPTION

If we do 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 the issue on account of cheques having been returned unpaid or withdrawal of applications, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to refund amount, the company shall pay interest as per Section 73 of the Companies Act, 1956.

BOOK BUILDING PROCESS

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

- Issuer, in this case being, Autoline Industries Limited.;
- Book Running Lead Manager, in this case being BOB Capital Markets Limited
- Syndicate Members, who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and are eligible to act as underwriters. Syndicate Members are appointed by the BRLM
- Escrow collection Bank(s), and
- Registrar to the Issue

SEBI, through its guidelines, has permitted an Issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Net Issue to Public shall be allocated on a proportionate basis to the QIBs including the specific allocation of 5% to Mutual Funds. Mutual Funds shall also be considered in the balance, available for allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We shall comply with Guidelines issued by SEBI for this Issue. In this regard, we have appointed BOB Capital Markets Limited, as the BRLM to manage the Issue and to procure subscription to the Issue.



Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are now required to pay the 10% margin amount upon the submission of their Bids. For details see the section titled “Offering Information- Terms of the Issue” on page no 187 in this Red Herring Prospectus.

Our company shall comply with the guidelines issued by SEBI from time to time. In this regard we have appointed BOB Capital Markets Limited (a wholly owned subsidiary of Bank of Baroda) as the Book Running Lead Manager to manage the issue and to procure subscriptions for this issue.

The process of book building, under SEBI Guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

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

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

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

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

Steps to be taken by the Bidders for bidding:

- Check whether the bidder is eligible for bidding having regard to all applicable Indian laws, rules, regulations, guidelines and approvals;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form; and
- Ensure that the Bid cum Application Form is accompanied by the PAN or by Form 60 or Form 61 of the Income Tax Rules, 1962 as may be applicable together with necessary documents providing proof of address. See page 200 in this Red Herring Prospectus for details. Bidders are specifically requested not to submit their GIR number instead of the PAN number, as the Bid is liable to be rejected.

CAPITAL STRUCTURE

(Rs. in Million)

	Aggregate amount at Nominal Value	Aggregate amount at Issue Price
A) Authorized Capital 15,000,000 equity shares of 10 Each	150.00	150.00
B) Issued, Subscribed and Paid up Equity Share Capital 70,33,511 equity shares of Rs. 10 each	70.33	139.74
C) Present Issue to the public in terms of this Red Herring Prospectus [*] Equity Shares of Rs. 10 each fully paid up	[*]	(*)
D) Paid Up Equity Capital After the Issue [*] Equity Shares of Rs. 10 each fully paid up	[*]	[*]
E) Share Premium account Before the issue	69.41	69.41
After the issue	[*]	[*]

Increase/Changes in Authorized Capital

Date	Equity share Capital			Preference share capital			Total authorized capital	Increased by/remarks
	No of shares	Face value	Total (Rs.)	No of shares	Face value	Total	Amount (In Rs.)	
(1)	(2.1)	(2.2)	(2.3)	(3.1)	(3.2)	(3.3)	(4) = (2.3) + (3.3)	(5)
16.12.1996	10,000	100	10,00,000	Nil	Nil	Nil	10,00,000	Since Incorporation
02.08.1997	1,00,000	10	10,00,000	Nil	Nil	Nil	10,00,000	Sub-division of shares from Rs. 100/- to Rs. 10/-
02.08.1997	2,50,000	10	25,00,000	2,50,000	10	25,00,000	50,00,000	Increase by creation of additional equity shares of Rs. 15,00,000 and preference shares of Rs. 25,00,000/-
30.03.1998	7,50,000	10	75,00,000	2,50,000	10	25,00,000	1,00,00,000	Increase by creation of additional equity shares of Rs. 50,00,000/-
30.03.2000	37,50,000	10	3,75,00,000	2,50,000	10	25,00,000	4,00,00,000	Increase by creation of additional equity shares of Rs. 3,00,00,000/-
31.03.2002	40,00,000	10	4,00,00,000	Nil	Nil	Nil	4,00,00,000	Reclassification of 2,50,000 Preference shares of Rs. 10/- each to 2,50,000 Equity shares of Rs. 10/- each
23.09.2003	50,00,000	10	5,00,00,000	Nil	Nil	Nil	5,00,00,000	Increase by creation of additional equity shares of Rs 1,00,00,000/-
28.03.2005	1,00,00,000	10	10,00,00,000	Nil	Nil	Nil	10,00,00,000	Increase by creation of additional equity shares of Rs 5,00,00,000/-
09.06.2006	1,50,00,000	10	15,00,00,000	Nil	Nil	Nil	15,00,00,000	Increase by creation of additional equity shares of Rs 5,00,00,000/-

1. (A) Changes in Equity Share Capital Structure

Date of Allotment	No. of Equity Shares	Face Value	Issue Price	Consideration	Reason for Allotment	Cumulative Shares
31.03.1997	4500	100	100	Cash	Subscription for Memorandum	4500
02.08.1997	45000	10	10	Cash	*Sub-division of shares Rs. 100/- to Rs. 10/-	45000
31-03-1999	11250	10	10	Cash	Expansion of Capital Base	56250
24-02-2000	100950	10	10	Cash	Expansion of Capital Base	157200
31-03-2000	1572000	10	Nil	Bonus	Expansion of Capital Base	1729200
31-03-2000	500000	10	10	Cash	Expansion of Capital Base	2229200
30-03-2002	445350	10	10	Cash	Expansion of Capital Base	2674550
31-03-2002	534910	10	Nil	Bonus	Expansion of Capital Base	3209460
20.03.2003	750000	10	10	Cash	Expansion of Capital Base	3959460
15-10-2003	50000	10	100	Cash	Expansion of Capital Base	4009460
30-03-2005	2004728	10	Nil	Bonus	Expansion of Capital Base	6014188
02-12-2005	310000	10	50	Cash	Expansion of Capital Base	6324188
02-12-2005	316000	10	70	Cash	Expansion of Capital Base	6640188
31-03-2006	305000	10	100	Cash	Expansion of Capital Base	6945188
04-08-2006	88323	10	130	Cash	Expansion of Capital Base	7033511

(B) Changes in preference share capital structure

Date of Allotment	No. of Preference Shares	Face Value	Issue Price	Consideration	Reason for Allotment	Cumulative Shares
31.03.1999	10,000	10	10	Cash	Expansion of Capital Base	10000
31.03.2001	(10,000)	10	N.A.	Cash	Redemption of preference shares	NIL

2. Share holding Pattern

Particulars	PRE ISSUE		POST ISSUE	
	No. of Shares	%	No. of Shares	%
Promoter Holding				
Promoters	3114188	44.28	3114188	[■]
Total (A)	3114188	44.28	3114188	[■]
Non-Promoter Holding				
Corporate Shareholders	3619323	51.46	[■]	[■]
Employees	Nil	Nil	[■]	[■]
Others	300000	4.26	[■]	[■]
Total (B)	3919323	55.72	[■]	[■]
Total (A + B)	7033511	100.00	[■]	[■]

SUMMARY STATEMENT OF SHAREHOLDING AND LOCK-IN

Particulars	PRE ISSUE		POST ISSUE	
	No. of Shares	%	No. of Shares	%
Promoter Holding				
Promoters	3114188	44.28	3114188	[■]
Total (A)	3114188	44.28	3114188	[■]
Non-Promoter Holding				
Corporate Shareholders	3619323	51.46	[■]	[■]
Employees	Nil	Nil	[■]	[■]
Others	300000	4.26	[■]	[■]
Total (B)	3919323	55.72	[■]	[■]
Total (A + B)	7033511	100.00	[■]	[■]

Promoters' shareholding and lockin

Name of the Promoter	Total shareholding	Shares to be locked-in for 3 years	Shares under Lock-in for 1 year
MR. V.V. LANDE	553547	326680	226867
MR. S.T. AKHADE	553547	326680	226867
MR. S.V.MUNGASE	553547	326680	226867
MRS. REMA RADHAKRISHNAN	553547	326680	226867
LINCWISE SOFTWARE PVT. LTD	900000	900000	0
Holding & Lock in - Promoters	3114188	2206720	907468

Other corporate shareholders whose shares are locked in in terms of Investment Agreements entered into with the Issuer Company:

Name of the company	Total Holding	Lock-in for 3 years	Lock-in for 1 year
TS INDIA HOLDINGS LLC	1000000	200000	800000
DUKE ADVISORS PVT LTD	1400000	340000	1060000
TOTAL	2400000	540000	1860000

PROMOTERS CONTRIBUTION AND LOCK IN – DETAILS OF SHARES LOCKED IN

Sr. No.	Name of the promoter	Date of allotment / transfer & when fully paid	Consideration (cash, bonus, kind, etc)	No of shares	Face value	Issue price/transfer price	% to post issue paid up capital	Lock-in period
01	Mr.Vilas Vithoba Lande							
		31-03-00	Bonus	1600	10	Nil	[▪]	1 Year
		25-01-05	Cash	45685	10	01	[▪]	1 year
		28-01-05	Cash	10000	10	10	[▪]	1 year
		29-01-05	Cash	68480	10	01	[▪]	1 year
		30-03-05	Bonus	101102	10	Nil	[▪]	1 year
	Sub-total 1 year			226867				
		30-03-05	Bonus	325080	10	Nil	[▪]	3 years
		21-05-06	Cash	1600	10	100	[▪]	3 Years
	Sub-total 3 years			326680				
	Grand Total			553547				
02	Mr. Shivaji Tukaram Akhade							
		31-03-00	Bonus	500	10	Nil	[▪]	1 Year
		31-03-00	Bonus	3250	10	Nil	[▪]	1 Year
		31-03-00	Bonus	3800	10	Nil	[▪]	1 Year
		25-01-05	Cash	34285	10	01	[▪]	1 year
		28.01.05	Cash	15000	10	10	[▪]	1 year
		29.01.05	Cash	63480	10	01	[▪]	1 year
		30.03.05	Bonus	106552	10	Nil	[▪]	1 year
	Sub-total 1 year			226867				
		30.03.05	Bonus	319630	10	Nil	[▪]	3 years
		21.05.06	Cash	1150	10	100	[▪]	3 years
		21.05.06	Cash	5300	10	100	[▪]	3 years
		21.05.06	Cash	600	10	100	[▪]	3 years
	Sub-total 3 years			326680				
	Grand Total			553547				
03	Mr. Sudhir V. Mungase							
		29.01.05	Cash	3455	10	01	[▪]	1 year
		29.01.05	Cash	382	10	01	[▪]	1 year
		29.01.05	Cash	75000	10	01	[▪]	1 year
		29.01.05	Cash	15000	10	01	[▪]	1 year

		29.01.05	Cash	2950	10	01	[.]	1 year
		29.01.05	Cash	590	10	01	[.]	1 year
		29.01.05	Cash	2950	10	01	[.]	1 year
		29.01.05	Cash	590	10	01	[.]	1 year
		29.01.05	Cash	100	10	01	[.]	1 year
		29.01.05	Cash	500	10	01	[.]	1 year
		29.01.05	Cash	18000	10	01	[.]	1 year
		29.01.05	Cash	3600	10	01	[.]	1 year
		29.01.05	Cash	1770	10	01	[.]	1 year
		29.01.05	Cash	354	10	01	[.]	1 year
		29.01.05	Cash	1770	10	01	[.]	1 year
		29.01.05	Cash	354	10	01	[.]	1 year
		30.03.05	Bonus	99502	10	Nil	[.]	1 year
	Sub-total for 1 year			226867				
		30.03.05	Bonus	326680	10	Nil	[.]	3 years
	Subtotal 3 years			326680				

04	Mrs. Rema Radhakrishnan							
		25.01.05	Cash	39635	10	01	[.]	1 year
		28.01.05	Cash	6750	10	10	[.]	1 year
		29.01.05	Cash	40000	10	01	[.]	1 year
		29.01.05	Cash	8000	10	01	[.]	1 year
		29.01.05	Cash	2950	10	01	[.]	1 year
		29.01.05	Cash	590	10	01	[.]	1 year
		29.01.05	Cash	2500	10	01	[.]	1 year
		29.01.05	Cash	500	10	01	[.]	1 year
		29.01.05	Cash	24040	10	01	[.]	1 year
		29.01.05	Cash	2400	10	01	[.]	1 year
		30.03.05	Bonus	99502	10	Nil	[.]	1 year
	Sub-total for 1 year			226867				
		30.03.05	Bonus	326680	10	Nil	[.]	3 years
	Subtotal 3 years			326680				
	Grand Total			553547				
05	Line Wise Software Private Limited							
		31.03.00	Cash	500000	10	10	[.]	3 years
		31.03.02	Bonus	100000	10	Nil	[.]	3 years
		30.03.05	Bonus	300000	10	Nil	[.]	3 years
	Grand Total			900000				

Other corporate shareholders whose shares are locked in in terms of Investment Agreements entered into with the Issuer Company: Details

Sr. No.	Name of the company	Date of allotment/ transfer & when fully paid	Consideration (cash, bonus, kind, etc)	No of shares	Face value	Issue price /transfer price	% to post issue paid up capital	Lock-in period
01	TS India Holdings, LLC							
	Lock-in for 1 year	4.09.06	cash	800000	10	100	[•]	1 years
	Lock-in for 3 years	4.09.06	cash	200000	10	100	[•]	3 years
	Grand Total			1000000				
02	Duke Advisors Pvt. Ltd							
		4.09.06	Cash	4100	10	58.72	[•]	1 year
		4.09.06	Cash	91460	10	58.72	[•]	1 year
		4.09.06	Cash	29440	10	58.72	[•]	1 year
		4.09.06	Cash	117700	10	58.72	[•]	1 year
		4.09.06	Cash	36250	10	58.72	[•]	1 year
		4.09.06	Cash	93710	10	58.72	[•]	1 year
		4.09.06	Cash	74875	10	58.72	[•]	1 year
		4.09.06	Cash	102465	10	58.72	[•]	1 year
		4.09.06	Cash	135550	10	58.72	[•]	1 year
		4.09.06	Cash	11250	10	58.72	[•]	1 year
		4.09.06	Cash	88710	10	58.72	[•]	1 year
		4.09.06	Cash	13250	10	58.72	[•]	1 year
		4.09.06	Cash	176240	10	58.72	[•]	1 year
		4.09.06	Cash	36250	10	58.72	[•]	1 year
		4.09.06	Cash	47699	10	58.72	[•]	1 year
		4.09.06	Cash	1051	10	58.72	[•]	1 year
	Sub-total for 1 year			1060000				
		4.09.06	Cash	136649	10	58.72	[•]	3 years
		4.09.06	Cash	46011	10	58.72	[•]	3 years
		4.09.06	Cash	15000	10	58.72	[•]	3 years
		4.09.06	Cash	84125	10	58.72	[•]	3 years
		4.09.06	Cash	45000	10	58.72	[•]	3 years
		4.09.06	Cash	9000	10	58.72	[•]	3 years
		4.09.06	Cash	4215	10	58.72	[•]	3 years
	Sub-total for 3 years			340000				
	Grand total			1400000				

Break up of the Promoters' Post-Issue Shareholding pattern

Sr. No.	Name of Promoter	No. of Shares	% of Post issue capital	Lock in period
1	Shri Vilas Lande	3,26,680 <u>2,26,867</u> 5,53,547	[•]	3 years 1 Year
2	Shri Shivaji Akhade	3,26,680 <u>2,26,867</u> 5,53,547	[•]	3 years 1 Year
3	Shri Sudhir Mungase	3,26,680 <u>2,26,867</u> 5,53,547	[•]	3 years 1 Year
4	Smt. Rema Radhakrishnan	3,26,680 <u>2,26,867</u> 5,53,547	[•]	3 years 1 Year
5	Linc Wise Software Pvt. Ltd.	9,00,000	[•]	3 Years
	Total	3114188	[•]	

OTHER SHAREHOLDERS

Sr. no.	Name of the Shareholder	No of shares	Lock-in period
01	Mr. D.G.Patel	2000	1 year
02	Mr. Haroon Ebrahim	10000	1 year
03	Mrs. Shama Khan	250	1 year
04	Mr. Rajiv Kumar Bassi	1800	1 year
05	Altina Securities Private Limited	25000	1 year
06	Mr. Bruno Castello	300	1 year
07	Mr.Clifton Desilva	5000	1 year
08	Mrs. Pearl Genevieve Desilva	5000	1 year
09	Mrs. Bhakti Rajesh Bijlani	1000	1 year
10	Mrs. Varsha Deepak Bijlani	1000	1 year
11	Mr.Dhanraj Tarachand Bijlani	1000	1 year
12	Mr. Deepak Dhanraj Bijlani	1000	1 year
13	Mr. Anil Dhanraj Bijlani	1000	1 year
14	Mr. Rajesh Dhanraj Bijlani	1000	1 year
15	Ms. Sunita Dhanraj Bijlani	1000	1 year
16	Mr. Kenneth Menzies	1000	1 year
17	Mrs. Diana Menzies	1000	1 year
18	Mr. Sanjay Menzies	1000	1 year
19	Mr. Charmaine Barretto	1000	1 year
20	Ms. Chandrakumari	100	1 year
21	Mr. Piedade Salvador	150	1 year
22	Mrs. Nita Rajiv Naik	300	1 year
23	Mr. Rajiv Prabhakar Naik	300	1 year
24	Mr.Malcolm Gabriel D'souza	300	1 year
25	Mr.Neil J. Gajjar	500	1 year
26	A.K. Madhavan	500	1 year
27	Norman Joseph Saldanha	500	1 year
28	Mrs. Grace D"souza	800	1 year
29	Positive Moves (India)Consulting Pvt. Ltd	5000	1 year
30	Mr. Wilfred D'silva	1000	1 year
31	Mr. Erfan Ahmed Charolia	1500	1 year
32	Mr. Sunil Amarnath Sahani	6300	1 year
33	Mr. Kalpesh Shah	10000	1 year
34	Prabhakar Sadashiv Naik	200	1 year
35	Mrs. Mithoo H. Mullan	100	1 year
36	Miss Rosy Rosario	400	1 year
37	Mr. Merwyn Michael D'souza	500	1 year
38	Mrs. Sujata Pulinja Rao	500	1 year

39	Mr. Malcom D'souza	450	1 year
40	Mehta Leena Mahendra	100	1 year
41	Lexus Francis Netto	1000	1 year
42	Ullash Kanji Shah	10000	1 year
43	Shakuntala Garg	1000	1 year
44	Mrs. Sandhya Sanjay Patodia	250	1 year
45	Mr. Vir Kimar Jain	300	1 year
46	Mrs. Sadhna Pathak	500	1 year
47	Mr. Suresh Kumar Mohata	1000	1 year
48	Mr. Ankit Garg	500	1 year
49	Mr. Sanjay O. Patel	500	1 year
50	Mr. Balmeet Buta Singh	500	1 year
51	Heena Ullash Shah	7500	1 year
52	Mr. Vikram Singh Dhir	1000	1 year
53	Mr. Ajay Hansraj Grover	300	1 year
54	Mr. Uttam Deb	200	1 year
55	Rama Purushothaman	500	1 year
56	Mr. Vibhav Dhawan	500	1 year
57	Mr. Sanjay Manoharlal Patodia	250	1 year
58	Mr. Chintan Kanubhai Khetani	4000	1 year
59	Mr. Hemang Kanubhai Khetani	4000	1 year
60	Mr. Alok Garg	5000	1 year
61	Mr. Ramesh D. Bhandari	200	1 year
62	Mrs. Rekha Mukesh Patodia	250	1 year
63	Mr. Mukesh Manoharlal Patodia	250	1 year
64	Megha Upadhyay	500	1 year
65	Mrs. Tripta N. Dhawan	500	1 year
66	Mrs. Monica V. Dhawan	500	1 year
67	Mr. Somesh Mahesh Agarwal	500	1 year
68	Mrs. Gurindar Kaur Dhir	2000	1 year
69	Bhakti Himmat Khetani	4000	1 year
70	Mrs. Nandini Kanaiyalal Patel	4000	1 year
71	Mr. Ludovico John Dias	500	1 year
72	Catherine Dias	500	1 year
73	Francis Fernandes	200	1 year
74	Jacintha Serrao	100	1 year
75	Kanaiyalal Ratanshi Patel (HUF)	4000	1 year
76	Chandrakant Ratanshi Patel (HUF)	4000	1 year
77	Kanaiyalal Ratanshi Patel	4000	1 year
78	Ratanshi Khimji Patel (HUF)	4000	1 year
79	Himmat Ratanshi Patel (HUF)	4000	1 year
80	Mrs. Damyanti Himmat Patel	4000	1 year
81	Mrs. Mitali Himmat Khetani J	4000	1 year
82	Chandrakant Ratanshi Patel	4000	1 year
83	Renuka Chandrakant Patel	4000	1 year
84	Himmat Ratanshi Patel	4000	1 year
85	Gerson Sydney Dias	300	1 year
86	Mrs. Gurindar Kaur Dhir	2000	1 year
87	Mr. Gurindar Singh Dhir	3000	1 year
88	Mr. Suresh Kumar Botha	500	1 year
89	Mr. Ajay Satish Bagadiya	500	1 year
90	Mr. Rishabh Jain	200	1 year
91	Mr. Roger Gavin D'silva	1500	1 year
92	Mr. Amavel Fernandes	500	1 year
93	Mr. Sam Dotivala	1000	1 year
94	Mrs. K. Priyo Sinroja	500	1 year
95	Mr. Sanjay Govind Jadhav	100	1 year
96	Farida Dotivala	300	1 year
97	Simon Lobo	1000	1 year
98	Harold Lobo	1000	1 year
99	Belinda Carvalho	2000	1 year

100	Yvonne Desilva	250	1 year
101	Mr. Dhananjai Menzies	500	1 year
102	Mr. Alfred D'souza	500	1 year
103	Mr. Prabhu G.K.N.	200	1 year
104	Mrs. Patrisia Noronha	500	1 year
105	Mr. Vernon Fernandes	200	1 year
106	Gilbert Sequeria	700	1 year
107	Michelle D'Silva	100	1 year
108	Girvan Indian Ventures II, LLC	6,21,000	1 year
109	Duke Special Opportunities Fund LLC	3,10,000	1 year
110	Duke Equity Partners, Inc	88,323	1 year
111	Ms. Urjita J. Master	75,000	1 year
112	Duke Speciality Consultants Pvt.Ltd.	50,000	1 year
113	One Up Financial Consultants Pvt. Ltd.	75,000	1 year
114	Akula Advisors Pvt. Ltd	75,000	1 year
115	Dinesh J. Shah	25,000	1 year
	TOTAL	15,19,323	1 year

Notes to Capital Structure:

1. The lock-in period for above mentioned shares will commence from the date of allotment of the shares in the present public issue.
2. In terms of the SEBI guidelines, 20% (22,06,720 equity shares) of the post issue capital, held by Promoters will be locked-in for 3 years. In addition 540,000 shares belonging to two corporate shareholders will be locked in for 3 years in terms of investment agreements with the issuer company. The balance entire pre-issue holding i.e. 42,86,791 equity shares will be locked-in for 1 year.
3. Shares held by promoter(s) which are locked 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 transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, as applicable.
4. Locked in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions. In terms of clause 4.16 (b) of the SEBI Guidelines, Equity Shares held by the Promoters may be transferred to a new promoter or persons in control of the company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Regulations, as applicable.
5. The Company has not issued any warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further equity shares of the company.
6. The Company/Promoters/Directors/Lead Merchant Bankers have not entered into buyback or similar arrangements for purchase of securities issued by the Company.
7. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment.
8. Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over-subscription the proportionate allotment will be subject to the reservation for Retail Individual Investors as below:-
9. A minimum of 50% of the net offer to the public will initially be made available for allotment to retail individual investors.
10. The balance net offer to the public shall be made available for allotment to applicants other than retail individual investors.
11. Unsubscribed portion, if any reserved category may be added to any other reserved category

12. The unsubscribed portion, if any, after such inter-se adjustments amongst the reserved categories shall be added back to the net offer to the public.
13. In case of under-subscription in the net offer to the public portion spillover to the extent of under subscription shall be permitted from the reserved category to the net public offer portion.
14. Names of the ten largest shareholders as on date of filing of this Red Herring Prospectus with Registrar of Companies.

Sr. No.	Names of the Shareholders	Number of Shares	% of issued Capital
1.	Duke Advisors Private Ltd.	14,00,000	19.90
2.	TS India Holdings, LLC	10,00,000	14.22
3.	Linc Wise Software Pvt. Ltd.	9,00,000	12.80
4.	Girvan Indian Ventures II, LLC	6,21,000	8.83
5.	Shri Vilas Vithoba Lande	5,53,547	7.87
6.	Shri Shivaji Tukaram Akhade	5,53,547	7.87
7.	Shri Sudhir Vitthal Mungase	5,53,547	7.87
8.	Smt. Rema Radhakrishnan	5,53,547	7.87
9.	Duke Special Opportunities Fund, LLC	3,10,000	4.41
10.	Duke Equity Partners, Inc	88,323	1.25
	TOTAL	65,33,511	92.89

15. Names of ten largest shareholders two years prior to the date of filing of this Red Herring Prospectus with Registrar of companies are as follows:

Sr. No.	Names of the Shareholders	Number of Shares	% of issued Capital
1	JVM Steels Pvt. Ltd.	750000	18.70
2	Linc Wise Software Pvt.Ltd	600000	14.96
3	Shri Shivaji Tukaram Akhade	562260	14.02
4	Shri Sudhir Vitthal Mungase	562260	14.02
5	Shri Vilas Vithoba Lande	548760	13.69
6	Smt. Rema Radhakrishnan	532260	13.28
7	Mr. Rangarajan Karnavat	120000	2.99
8	Mr. Vasant Kate	90000	2.24
9	Mr. Sangappa T. Rathod	54000	1.35
10	Mr. Shastri	36000	0.90
	TOTAL	3855540	96.15

16. Names of ten largest shareholders as on 10 days prior to the date of filing of the Red Herring Prospectus with Registrar of Companies are as follows:

Sr. No.	Names of the Shareholders	Number of Shares	% of issued Capital
1.	Duke Advisors Private Ltd.	14,00,000	19.90
2.	TS India Holdings, LLC	10,00,000	14.22
3.	Linc Wise Software Pvt. Ltd.	9,00,000	12.80
4.	Girvan Indian Ventures II, LLC	6,21,000	8.83
5.	Shri Vilas Vithoba Lande	5,53,547	7.87
6.	Shri Shivaji Tukaram Akhade	5,53,547	7.87
7.	Shri Sudhir Vitthal Mungase	5,53,547	7.87
8.	Smt. Rema Radhakrishnan	5,53,547	7.87
9.	Duke Special Opportunities Fund, LLC	3,10,000	4.41
10.	Duke Equity Partners, Inc	88,323	1.25
	TOTAL	65,33,511	92.89

17. The aggregate shareholding of the Promoter is 3114188 equity shares of Rs. 10 each (Face Value). The details of the shares sold / purchased by the promoters during the last six months are as under:

DETAILS OF SHARES SOLD /PURCHASED BY PROMOTERS

Name of Transferor: Mr. Vilas V. Lande

Sr. No	Name of Transferee	Date of Transfer	No of Equity Shares	Transfer Price/Share (Rs.)
01	Mrs. Grinder Kaur Dhir J/W: Mr. Vikram Singh Dhir	21.05.06	2000	100
02	Bhakti Himmat Khetani J/W: Himmat Ratanshi Patel	21.05.06	4000	100
03	Mrs. Nandini Kanaiyalal Patel J/W. J/W:Kanaiyalal Ratanshi Patel	21.05.06	4000	100
04	Kanaiyalal Ratanshi Patel(Huf)	21.05.06	4000	100
05	Chandrakant Ratanshi Patel (Huf)	21.05.06	4000	100
06	Kanaiyalal Ratanshi Patel J/W Mrs. Nandini Kanaiyalal Patel	21.05.06	4000	100
07	Ratanshi Khimji Patel (Huf)	21.05.06	4000	100
08	Himmat Ratanshi Patel (Huf)	21.05.06	4000	100
09	Mrs. Damyanti Himmat Patel J/W: Himmat Ratanshi Patel	21.05.06	4000	100
10	Mrs. Mitali Himmat Khetani J/W Himmat Ratanshi Patel	21.05.06	4000	100
11	Chandrakant Ratanshi Patel J/W : Renuka Chandrakant Patel	21.05.06	4000	100
12	Renuka Chandrakant Patel J/W Chandrakant Ratanshi Patel	21.05.06	4000	100
13	Himmat Ratanshi Patel Jw: Mrs. Damyanti Himmat Patel	21.05.06	4000	100
14	Mr. Ludovico John Dias J/W Catherine Dias	21.05.06	500	100
15	Catherine Dias J/W Mr. Ludovico John Dias	21.05.06	500	100
16	Gerson Sydney Dias J/W Mr. Ludovico John Dias	21.05.06	300	100
17	Francis Fernandes	21.05.06	200	100
18	Jacintha Serrao	21.05.06	100	100
19	TS India Holdings LLC	04.09.06	250000	100
20	Duke Advisors Private Limited	04.09.06	425000	58.72
	TOTAL		726600	

Name of Transferor: Mr. Shivaji T. Akhade

Sr No	Name of Transferee	Date of Transfer	No of Equity Shares	Transfer Price/Share (Rs.)
01	Heena Ullash Shah	21.05.06	7500	100
02	Ullash Kanji Shah	21.05.06	10000	100
03	Chintan Kanubhai Khetani J/W: Kanaiyalal Ratanshi Patel	21.05.06	4000	100
04	Hemang Kanubhai Khetani J/W: Kanaiyalal Ratanshi Patel	21.05.06	4000	100
05	Altina Securities Private Limited	21.05.06	15000	100
06	Mrs. Grace D'souza J/W Miss Andrea D'souza	21.05.06	350	100
07	Mr. Vir Kimar Jain	21.05.06	300	100
08	Mrs. Sadhna Pathak	21.05.06	500	100
09	Mr. Suresh Kumar Mohata	21.05.06	500	100
10	Mr. Suresh Kumar Botha	21.05.06	500	100
11	Ankit Garg	21.05.06	500	100
12	Shakuntala Garg	21.05.06	1000	100
13	Mr. Alok Garg	21.05.06	5000	100
14	Mr. Sanjay O. Patel	21.05.06	500	100
15	Mr. Balmeet Buta Singh	21.05.06	500	100
16	Mr. Ramesh D. Bhandari	21.05.06	200	100
17	Mrs. Sandhya Sanjay Patodia J/W: Mr. Sanjay Manoharlal Patodia	21.05.06	250	100
18	Mr. Sanjay Manoharlal Patodia J/W: Mrs. Sandhya Sanjay Patodia	21.05.06	250	100
19	Mrs. Rekha Mukesh Patodia J/W: Mr. Mukesh Manoharlal Patodia	21.05.06	250	100
20	Mr. Mukesh Manoharlal Patodia J/W: Mrs. Rekha Mukesh Patodia	21.05.06	250	100
21	Mr. Suresh Kumar Mohata	21.05.06	500	100
22	Megha Upadhyay	21.05.06	500	100
23	Mrs. Tripta N. Dhawan	21.05.06	500	100
24	Mrs. Monica V. Dhawan	21.05.06	500	100
25	Mr. Somesh Mahesh Agarwal	21.05.06	500	100
26	Mr. Vibhav Dhawan	21.05.06	500	100
27	Rama Purushothaman	21.05.06	500	100
28	Mr. Uttam Deb	21.05.06	200	100
29	Mr. Ajay Hansraj Grover J/W: Mrs. Geeta Ajay Grover	21.05.06	300	100
30	Mr. Ajay Satish Bagadiya	21.05.06	500	100
31	Mr. Rishabh Jain	21.05.06	200	100
32	Mr. Vikram Singh Dhir J/W: Mrs. Gurindar Kaur Dhir	21.05.06	1000	100
33	TS India Holdings LLC	04.09.06	250000	100
34	Duke Advisors Private Limited	04.09.06	425000	58.72
	TOTAL		732050	

Name of Transferor: Mr. Sudhir V.Mungase

Sr No	Name of Transferee	Date of Transfer	No of Equity Shares	Transfer Price/Share (Rs.)
01	Mr. D.G.Patel	21.05.06	2000	100
02	Mr. Haroon Ebrahim J/W: Mrs. Rehana Haroon	21.05.06	10000	100
03	Altina Securities Private Limited	21.05.06	5000	100
04	Mr. Rajiv Kumar Bassi	21.05.06	1800	100
06	Mr. Bruno Castello J/W Sophia Castello	21.05.06	300	100
07	Mrs. Shama Khan	21.05.06	250	100
08	Clifton Desilva J/W: Pearl Genevieve Desilva	21.05.06	5000	100
09	Pearl Genevieve Desilva J/W Clifton Desilva	21.05.06	5000	100
10	Mrs. Gurindar Kaur Dhir J/W: Mr. Gurindar Singh Dhir	21.05.06	2000	100
11	Mr. Gurindar Singh Dhir J/W: Mr. Vikram Singh Dhir	21.05.06	3000	100
12	Mr. Amavel Fernandes	21.05.06	500	100
13	Mr. Roger Gavin D'silva J/W: Mr. Alvito Joe D'silva	21.05.06	1500	100
14	Yvonne Desilva	21.05.06	250	100
15	Mr. Dhananjai Menzies J/W Kenneth Menzies	21.05.06	500	100
16	Mr. Vilas V. Lande	21.05.06	1600	100
17	Mr. Shivaji T. Akhade	21.05.06	7050	100
18	Altina Securities Pvt. Ltd	21.05.06	4250	100
19	TS India Holdings LLC	04.09.06	250000	100
20	Duke Advisors Private Limited	04.09.06	425000	58.72
	TOTAL		725000	

Name of Transferor: Mrs. Rema Radhakrishnan

Sr.No	Name of Transferee	Date of Transfer	No. of equity shares	Transfer Price / Share (Rs.)
1	Mrs. Bhakti Rajesh Bijlani J/W Mr.Dhanraj Tarachand Bijlani	21.05.2006	1000	100
2	Mrs. Varsha Deepak Bijlani J/W Mr.Dhanraj Tarachand Bijlani	21.05.2006	1000	100
3	Mr.Dhanraj Tarachand Bijlani J/W Sunita Dhanraj Bijlani	21.05.2006	1000	100
4	Mr. Deepak Dhanraj Bijlani J/W Mr.Dhanraj Tarachand Bijlani	21.05.2006	1000	100
5	Mr. Anil Dhanraj Bijlani J/W Mr.Dhanraj Tarachand Bijlani	21.05.2006	1000	100
6	Mr. Rajesh Dhanraj Bijlani J/W Mr.Dhanraj Tarachand Bijlani	21.05.2006	1000	100
7	Sunita Dhanraj Bijlani J/W Mr.Dhanraj Tarachand Bijlani	21.05.2006	1000	100
8	Mr. Kenneth Menzies J/W Mrs. Diana Menzies	21.05.2006	1000	100
9	Mrs. Diana Menzies J/W Mr. Kenneth Menzies	21.05.2006	1000	100
10	Mr. Sanjay Menzies J/W Mrs. Diana Menzies	21.05.2006	1000	100
11	Mr. Charmaine Barretto	21.05.2006	1000	100
12	Chandrakumari	21.05.2006	100	100
13	Mr. Piedade Salvador D'silva J/W Ruby D'silva	21.05.2006	150	100
14	Mrs. Nita Rajiv Naik J/W Mr. Rajiv Prabhakar Naik	21.05.2006	300	100
15	Mr. Rajiv Prabhakar Naik J/W.Mrs. Nita Rajiv Naik	21.05.2006	300	100
16	Malcolm Gabriel D'souza J/W Mrs. Giselle- Ann D'souza	21.05.2006	300	100
17	Mr.Neil J. Gajjar	21.05.2006	500	100
18	A.K. Madhavan	21.05.2006	500	100
19	Norman Joseph Saldanha	21.05.2006	500	100
20	Mrs. Grace D'souza J/W Miss Andrea D'souza	21.05.2006	450	100
21	Positive Moves (India) Consulting Pvt. Ltd	21.05.2006	5000	100
22	Mr. Wilfred D'silva J/W Mrs. Alice D'silva	21.05.2006	1000	100
23	Mr. Erfan Ahmed Charolia J/W Mr. Mohd Zubair Charolia	21.05.2006	1500	100
24	Mr. Sunil Amarnath Sahani	21.05.2006	6000	100
25	Mr. Kalpesh M. Shah J/W Mrs. Alpana K. Shah	21.05.2006	10000	100
26	Prabhakar Sadashiv Naik J/W Mrs Usha Prabhakar Naik	21.05.2006	200	100
27	Mrs. Mithoo H. Mullan J/W Mr. Homi .R. Mullan	21.05.2006	100	100

28	Miss Rosy Rosario	21.05.2006	400	100
29	Mr. Merwyn Michael D'souza	21.05.2006	500	100
30	Sujata Pulinja Rao	21.05.2006	500	100
31	Mr. Malcom D'souza	21.05.2006	450	100
32	Mehta Leena Mahendra J/W Mehta Mahendra Ravishankar	21.05.2006	100	100
33	Lenus Francis Netto	21.05.2006	1000	100
34	Mr. Sam Dotivala J/W Mrs. Maharukh Dotivala	21.05.2006	1000	100
35	Mrs. K. Priyo Sinroja	21.05.2006	500	100
36	Mr. Sanjay Govind Jadhav J/W Mrs. Swarangi Sanjay Jadhav	21.05.2006	100	100
37	Farida Dotivala J/W Hoshana Dotivala	21.05.2006	300	100
38	Simon Lobo	21.05.2006	1000	100
39	Harold Lobo	21.05.2006	1000	100
40	Belinda Carvalho	21.05.2006	2000	100
41	Altina Securities Private Limited	21.05.2006	3250	100
42	TS India Holdings Llc	04.09.2006	250000	100
43	Duke Advisors Private Limited	04.09.2006	425000	58.72
	Total		725000	

18. The Company does not currently have any Employee Stock Option Plan
19. The Company has not issued any shares for consideration other than cash. The company has, however, issued bonus shares by capitalizing free reserves. The company had also issued 1572000 equity shares as bonus shares by capitalizing revaluation reserves on 31 March, 2000.
20. The Company has not taken any "bridge loan" from any bank which would be repaid out of the issue proceeds for any purpose whatsoever or for the proposed project.
21. The company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of the Issue, by way of split/consolidation of the Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly into Equity Shares) whether on a preferential basis or otherwise. However, during such period or at a later date, the Company may issue Equity Shares or securities linked to equity shares to finance an acquisition, merger or joint venture by the Company or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by the Board to be in the interest of the Company.
22. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
23. Securities offered through this issue shall be made fully paid up or may be forfeited within 12 months from the date of allotments of securities in the manner specified in clause 8.6.2 of the SEBI (DIP) Guidelines.
24. As on the date of filing of this Red Herring Prospectus, the total number of equity shareholders is 117.

OBJECTS OF THE ISSUE

The Objects of the Issue is to raise a part of the funds required for

- 1. Modernization** - Modernization & Up gradation of the existing manufacturing facilities at Chakan Unit-I
- 2. Expansion** -
 - (a) Setting up of a new manufacturing unit at Chakan (Unit-II), Pune
 - (i) for increasing the manufacturing capacities for sub-assemblies and auto components.
 - (ii) for contract manufacturing of automobile bodies for heavy vehicles and door assemblies for passenger vehicles
 - (b) Setting up of a State-of-the-Art Commercial Tool Room at the premises of Unit-II at Chakan
 - (c) **UAE Joint Venture Operations:** To expand the UAE operations including the setting up of a manufacturing facility and make it a strategic location for trade with Gulf and African countries.
 - (d) **Expansion of the facilities in the Design Engineering Unit-** viz. Autoline Dimensions Software Pvt. Ltd.
- 3. Relocation/Consolidation:** To relocate/consolidate the facilities in the existing units at Kudalwadi and Jadhavwadi to a new location at MIDC, Bhosari.
- 4. Corporate Office/Marketing Set-up:** To set up a Corporate/Marketing Office at the existing premises at T-135 MIDC Bhosari
- 5. Acquisitions:** To enable strategic acquisitions to enhance the existing facilities or to acquire new capabilities in the auto industry
- 6. Augmentation** of long term working capital resources.
- 7.** To meet the expenses of the issue.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the proposed activities for which funds are being raised by us through this issue. The funds requirement and details of deployment are based on internal management estimates and has been appraised by BOB Capital Markets Limited. The fund requirements detailed below are based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programme and increase or decrease in the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of the management. In case of any variations in the actual utilizations of funds earmarked for the above activities, increased fund deployment for any particular activity will be met from the internal accruals and the surplus if any will be utilized for general corporate purposes.

During 2005 we embarked on an initiative to implement the above expansion cum diversification program. The overall cost of the project was envisaged at Rs.1040 million as per details given below:-.

(Rs. in millions)

Particulars	Amount
Up gradation of facilities at existing unit at Chakan (Unit-I)	87.00
Setting up of New Unit at Chakan (Unit-II)	509.50
Relocation/consolidation of existing facilities at a new location	73.50
Corporate/Marketing Office at Bhosari	10.00
UAE Joint Venture Operations – Setting up manufacturing facility	40.00
Acquisitions	50.00
Modern Commercial Tool Room	50.00
Design Engineering Software Services	20.00
Contingencies	40.00
Augmentation of Long Term Working Capital Resources	110.00
Issue Expenses	50.00
TOTAL	1040.00

Means of Finance

The above expansion/ modernization/ diversification initiatives envisage an expenditure of Rs. 1040 million out of which a little over Rs. 260 million has been incurred so far. The details of means of finance are provided below: -

(Rs. in millions)

Sr. No.	Particulars	Amount
1.	Equity Private Placement of Equity Public Issue	79.60 750.40
2.	Internal accruals	40.00
3.	Secured Loans/Bank Borrowings Unsecured Loans	160.00 10.00
	TOTAL	1040.00

Firm arrangements for debt funds: Loans sanctioned by banks

Out of the Rs.160 million proposed to be funded through Bank borrowings, firm arrangements have already been made for the full amount as detailed below:

(Rs.in millions)

Sr. No.	Name of the Bank	Amount	Date of sanction
1.	Bank of Baroda	90.00	SSI/PIM/ADV/9/2005 dated 21.02.2005
2.	Kotak Mahindra Bank Ltd	70.00	Sanction No.SME/030/106/1281 dated 29.03.06 and SME/12/10/06/1969 dated 13.10.2006
	Total	160.00	

Unsecured loans to the tune of Rs.48.12 million has already been brought in by the promoters as against the requirement of Rs.10 million.

Private Placement of Equity

Out of the amount of Rs.79.60 million proposed to be funded through private placement of equity, we have already received Rs. 79.60 million. Equity allotted on private placement basis are tabulated below. The details of investment agreements with the entities indicated are given on pages 96 to 103 of the DRHP:

Names of allottees	Date of allotment	No of shares	Amount (Rs. in millions)
Duke Equity Partners Inc.	4.08.06	88323	11.48
Girvan Indian Ventures II, LLC	31.3.06	305000	30.50
Girvan Indian Ventures LLC	02.12.05	316000	22.12
Duke Special Opportunities Fund LLC	02.12.05	310000	15.50
Total			79.60

FUNDS REQUIREMENT

We discuss below briefly on each of the above item along-with the break up of the expenditure already incurred/envisaged.

1. Modernization & Up gradation of the existing manufacturing facilities at Chakan Unit-I

In tandem with the growth in automobile industry, we have been witnessing very good growth in our operations during the past few years. Our sales increased by 62% from Rs.684.8 Million during 2004-05 to Rs.1113.3 Millions during 2005-06. During 2005-06 we commenced supply of load bodies to Tata Motors as “Single Source Supplier” for Tata Ace, a light commercial vehicle and this has been one of the reasons for the growth in sales revenue. We started with 20 nos initially and presently we are supplying 250 nos per day. By the end of the current financial year the requirement has been indicated by Tata Motors at 400 load bodies per day and we have committed to Tata Motors to cater to this entire requirement.

At our Chakan Unit-I we had one 8 station semi automatic production line for load bodies with a capacity of 150 nos per day. As part of our modernization cum expansion plan we have proposed to set up a fully automatic 12 station load body production line which will have a capacity of 300 load bodies operating 2.5 shifts per day.

This will help expand our capacity from 150 load bodies to 450 load bodies per day. This will enable us to have a product mix with better margins.

The total expenditure for this is estimated at Rs.87 million out of which Rs. 73 million has already been incurred and expenditure to the tune of Rs. 14 million remains to be incurred and is included in the funds to be raised through the present issue.

Estimated Funds incurred / to be incurred

(Rs. in millions)

S. No.	Particulars	Incurred upto 31.08.2006	To be incurred	Amount
1.	Office Building at Chakan Unit-I	1.95	1.05	3.00
2.	Plant & Machinery	38.28	6.72	45.00
3.	Furniture & Fixtures	0.26	1.74	2.00
4.	Misc. Fixed Assets	6.70	0.30	7.00
5.	Tools & Dies	25.67	4.33	30.00
	TOTAL	72.86	14.14	87.00

Break-up of the expenditure is detailed below:-

(Rs. in millions)

S. No.	Particulars	Basic Cost	Taxes & Duties	Transp Ortation	Total	Supplier/Architect's Details
1.	Office Building (5000 sq. ft.) at existing unit at Chakan	Rs.600 per sq. ft.			3.00	S.N.PingleConsultants dt 22/7/06.
2.	Load Body Line II (Automated) at existing unit at Chakan	37.50	7.50	NIL	45.00	Already installed
3.	Furniture & Fixtures at existing unit at Chakan	-	-	-	2.00	S.N.PingleConsultants dated 22/7/06.
4.	Misc. Fixed Assets at existing unit at Chakan	-	-	-	7.00	S.N.PingleConsultants dated 22/7/06.
5.	Tools & Dies at existing unit at Chakan	-	-	-	30.00	Being manufactured in-house
	TOTAL				87.00	

2. Expansions -

(a) (i) Setting up of a new manufacturing unit at Chakan (Unit-II), Pune for increasing the manufacturing capacities for sub-assemblies and auto components.

We have been supplying non-aesthetic inner sheet metal components for cars and commercial vehicles which were being manufactured at Chakan-I and Bhosari units. Presently in the auto industry, original equipment manufacturers are concentrating on assembly rather than manufacturing a large number of components and more and more components are being outsourced. During 2005-06 we have been given indent for manufacturing door assemblies for new commercial/passenger vehicles by one of the major OEMs. We took up setting up a new unit in two phases at Chakan where a plot of land admeasuring 15 acres was acquired during 2004-05. In phase-I setting up of a manufacturing facility, with presses of 800, 880 and 1050 tons and other plant & machinery, equipments etc., has been taken up and has become partly operational from October 2006.

The total expenditure is estimated at Rs. 509.5 million out of which Rs. 252.37 million has been expended so far.

(ii) Setting up of a new manufacturing unit at Chakan, Pune for contract manufacturing of door assemblies for passenger vehicles and automobile bodies for heavy vehicles

We have the capability for design engineering and manufacturing very high quality critical components for passenger vehicles including skin panels, door assemblies etc. We have already commenced manufacturing of door assemblies in a small way and propose to set up large scale manufacturing capabilities for door assemblies at Chakan.

We have entered into an arrangement with M/s. Stokota (E) India Pvt. Ltd. (an Indian venture of Stokota Belgium) for supply of 14 Cu mtr tippers, different types of tipper trailers, tankers, cement bulkers, garbage extractors etc. We are also developing 18 Cu.mtr load bodies. We have made a commitment to supply 100 tippers per month from November 2006. We have taken up setting up a new facility for the manufacturing of all kinds of load bodies for heavy vehicles at Chakan in the premises of Unit-II part of which is expected to be ready by November 2006. Total estimated expenditure for setting up manufacturing facility for load bodies for Stokota is Rs. 10 million only for machinery and equipment is proposed to be met from the present issue. This will be housed in a bay of 18 meters x108 meters, the cost of which has been included in the total cost for the building for Chakan Unit-II.

The total expenditure to be incurred on these facilities detailed at a(i) and (ii) are as follows:

(Rs. in millions)				
S. No.	Particulars	Incurred upto 31.08.06	To be incurred	Total Amount
1.	Factory Shed	111.80	5.20	117.00
2.	Office Building	0.00	13.00	13.00
3.	Plant & Machinery	131.53	215.47	347.00
4.	Furniture & Fixtures	0.27	2.23	2.50
5.	Misc. Fixed Assets	8.77	21.23	30.00
	TOTAL	252.37	257.13	509.50

Details of the Estimated Expenditure are given below:-

a) Civil Works - Plot Development, Factory Shed & Office Building

(Rs. in millions)						
Sr. No.	Particulars	Area in sq. ft.	Rate (Rs. per sq.ft.)	Cost	Total	Estimates by
i.	Factory Shed	146,400	500	73.20		S.N.Pingle Consultants dated 22/7/06.
	Tunnels for Press Lines - 2 Nos.	16,900	2050	34.65		
	Toilet Block & other Amenities	1,200	1800	2.16		
ii.	Plot Development such as Boundary Wall, Roads, etc consolidated			4.00		S.N.Pingle Consultants dt 22/7/06.
iii.	Office Building (G+2), + Canteen Building (G+1)	21,900	600	13.14		S.N.Pingle Consultants dt 22/7/06.
	Interiors of office	10,000	285.00	2.85	130.00	S.N.Pingle Consultants dt 22/7/06.

b) Plant & Machinery

(Rs. in millions)

S. No	Particulars	Basic Cost	Taxes & Duties	Transportation	Total	Supplier Invoice Details
i.	800 MT Press 2 Nos. Foundation & Refurbishing Total	8.00 7.00	3.30	6.80	18.10 7.00 25.10	Ball Bros Machinery Ltd P.O dt 7/3/05
ii.	880 MT Press 2 Nos. Foundation & Refurbishing	7.46 8.00	7.25	7.19	21.90 8.00 29.90	Ball Bros Machinery Ltd Invoice dt 3/8/05.
iii.	1050 MT Press Foundation & Refurbishing	8.67 7.20	4.56	6.57	19.80 7.20 27.00	Pressen Werner Hass Stuttgart, Germany dt 7/2/06
iv.	Press Line 5 Nos. from France Foundation & Refurbishing	40.00 5.00	5.00	15.00	60.00 5.00 65.00	Pressen Werner Hass Stuttgart, Germany dt 3/5/06
v.	1600 MT Press Foundation & Refurbishing	40.00 5.00	5.00	15.00	60.00 5.00 65.00	HMT Ltd., Quote No. SALES/PRH/487 dated 28/12/05
vi.	Automation of Existing Press & Scarp Collection Conveyer	42.50	7.50		50.00	ABB Ltd., Quote No. RO/MKT/RW/S A/0406/148/05 dated 29/05/06
vii.	Paint Shop CD Coating	65.00	10.00		75.00	Leo Surface Coatings Pvt. Ltd., Quote No. LEO/ASPL/OFFER-1 & 2 DTD. 10/05/06
viii.	Machinery for Stokota	8.00	2.00		10.00	* Various suppliers
	TOTAL				347.00	

*The quotations for the various machines that will be required for executing the orders from Stokota are as follows:

1) Mogora, Quote - Dated. 01/07/06
2) Electrofab Crane, Quote No. EFE/525/NIL/2005/R1 DTD.04/06/06
3) Machinery & Spares , Quote No. M&S/RNP/KRH/3899-2006 DTD. 29/05/06
4) Naveen Engg., Quote No. AIL/086/06 DTD. 05/03/06.
5) Electropneumatics & Hydraulics, Quote No. EPC:AR:ASPL:33:1044:2005 DTD. 03/05/05
6) Nugen Machinery, Quote No. QR/109/06-07 DTD. 29/0506 & QR/116/06-07 DTD. 30/05/06

c) Furniture & Fixtures

(Rs. in millions)

S. No.	Particulars	Basic Cost	Taxes & Duties	Transportation	Total	Supplier Invoice Details
i.	Furniture & Fixtures	-	-	-	2.50	S.N.Pingle Consultants dated 22/7/06.

d) Misc. Fixed Assets

(Rs. in millions)

S. No.	Particulars	Basic Cost	Taxes & Duties	Transportation	Total	Supplier Invoice Details
i.	Compressors, Cranes, Electricals, etc.	30.00		-	30.00	Electrofab Crane, Quote No.Efe/525/Nil/2005/R1 Dtd.04/06/06

(b) Setting up of a State-of-the-Art Commercial Tool Room at the premises of Unit-II at Chakan

India has emerged as an outsourcing hub for international automobile manufacturers. We are endeavoring to position ourselves as an auto component supplier with Offshore Designing & Manufacturing (ODM) capabilities for catering to international OEMs in the automotive sector. As a part of this endeavor we propose to build up new capabilities as well as strengthen existing capabilities for designing, rapid proto-typing and tooling for all kinds of components. We therefore propose to set up a State of the Art Tool Room along with testing facilities. We have identified this as a thrust area for facilitating future growth. Our existing domain expertise in actual manufacturing of components is a source of competitive advantage in our engineering design services. This differentiates our engineering design services from other software companies already in the sector.

The estimated expenditure for setting up the Tool Room with testing facilities is Rs. 50 million and is proposed to be met out of the present issue. The details of the machinery, suppliers etc are tabulated below:-

(Rs. in millions)

Particulars	Supplier	Nos	Cost	Invoice Detail
Radial Drilling Machine RM63	HMT	1	0.86	Quote No. Pna/Ai/05-06 Dated 29/05/06
Jig Boring Machine Size 6 No. With Rotary Table & Tooling	Pioneer	1	1.40	Quote Dated. 04/06/06.
Cylindrical Grinding Machine	HMT	1	2.17	Quote No. Pna/Ai/05-06 Dated. 29/05/06
Cnc Vertical Milling Vml 810	Lokesh Machines Bhutia	1	2.80	Quote Dated. 30/05/06
Elektra Wire Cut Edm Model Ultracut F2	Electronica	1	3.84	Quote No. Q/Ultra-F2/06-07/Rrm Dated. 29/05/06
Plano Miller 6 Mtr X 1.5 Mtr	Pioneer	1	4.20	Quote Dtd. 04/06/06.
Cnc Lathe Sml 150	Lokesh Machines Bhutia	1	5.25	Quote Dtd. 30/05/06
Roboplazma System	Plazma	1	7.50	Quote No. Ptpl/Aspl/06-07/109 Dtd. 29/05/06
Tft Lcd & Automotive Mould Making Machine Model Prw 426 L	Electronica Hartford	1	13.71	Quote No. Mtt/Sls/Aspl/06 Dated. 29/05/06
White Light Camera	Apm Techno	1	6.10	Quote No. Apm/Ag/Q-002/82 Dated 29/03/06
Internal Grinding Machine	HMT	1	2.17	Quote No. Pna/Ai/05-06 Dated 29/05/06
Total			50.00	

c) UAE Operations:

We have been indirectly exporting brake shoes to Dubai, Saudi Arabia, Singapore, and Germany during 2001-02 to 2003-04. During this period we realized there is a large market for good quality components in the Gulf and African Region, The components supplied by OEMs were very costly and the replacement components supplied by others were very poor in quality and therefore cheap. There was the potential to build up a brand for components such as brake shoes, wheel rims etc. to be positioned between the above two categories with right pricing strategy especially for the Gulf and African markets.

We, therefore, during 2005-06 set up a Joint Venture company in UAE under the name “Union Autoline Spare Parts, LLC” with 49% stake with the remaining stake held by Mr. Ali Mohammad Saeed Al Badi an UAE national. The company has been set up to manufacture brake shoes, wheel rims and also provide facilities for cylinder head reconditioning and machining of automotive and marine engine parts and the expenditure is estimated at Rs. 80 million out of which our contribution will be Rs. 40 million. The joint venture is expected to become operational by January 2007.

Our share of the expenditure is proposed to be financed from the present public issue. The Total investment in Plant and Machinery is as follows:

(Rs. in millions)					
S. No.	Particulars	Basic Cost	Taxes/ Duties and Transport	Total	Supplier and Invoice Details
i.	Heavy duty cylinder honing M/c	7.44	2.29	9.73	Electropneumatics & Hydraulics, Quote No. EPN/JKK/5042/1578/2005 DTD. 21/05/05
ii.	Vertical Turning Lathe M/c T 1800	2.40	0.10	2.50	Pioneer Trading, Quote Dated 04/06/06
iii.	Horizontal Boring M/c Spindle D 90	1.40	0.06	1.46	Pioneer Trading, Quote Dated 04/06/06
iv.	Plano Miller 6000 x 1600 mm	4.20	0.17	4.37	Pioneer Trading, Quote Dated 04/06/06
v.	Cylindrical Hydraulic Grinder G22/2000U	2.92	0.60	3.52	H.M.T. Ltd. Quote No. PNA/AI/05-06 DTD. 29/05/06
vi.	Cylindrical Hydraulic Grinder K130/800U	1.36	0.29	1.65	H.M.T. Ltd. Quote No. PNA/AI/05-06 DTD. 29/05/06
vii.	Radial Drilling M/c RM63	1.22	0.26	1.48	H.M.T. Ltd. Quote No. PNA/AI/05-06 DTD. 29/05/06
viii.	High Speed Precision Lathe NH26/3000	1.45	0.30	1.75	H.M.T. Ltd. Quote No. PNA/AI/05-06 DTD. 29/05/06
ix.	Universal Milling M/c FN3V	2.51	0.53	3.04	H.M.T. Ltd. Quote No. PNA/AI/05-06 DTD. 29/05/06
	SUB-TOTAL	24.90	4.60	29.50	
x.	Wheel Rim Machinery	50.50	0.00	50.50	
	GRAND TOTAL	75.40	4.60	80.00	

(d) Design Engineering Software Services

During our interactions with several OEMs we realized the potential for Design Engineering Services in automotive sector. We already had an in-house CAD/CAM facility and decided to scale up the capabilities of this facility by acquiring a Design Engineering Software Company.

According to a research report of Forrester Research India product development is one of the fastest growing segments of offshore services market. As companies across a range of verticals grapple to add more value added software to their products while cutting the overall R&D costs this offshore segment will expand dramatically. Its unique requirements mean that it will develop separately from traditional outsourced IT work. The product development market has outpaced IT services in terms of value and has grown ten fold from US\$ 300 million in 2001 to US\$ 3000 million in 2006. Among global automotive companies Ferrari, Chrysler, General Motors and among aerospace companies Airbus, Boeing, Pratt & Whitney rely on third party services providers for their product development related work (Source: “Offshore Product Development Spreads Across Verticals” Nasscom newslines:Issue No.57; July 2006: www.nasscom.in).

Keeping the very good potential in view, we acquired, in March 2006, a majority stake (51%) in Autoline Dimensions Software Pvt. Ltd. (Formerly known as Dimensions Engineering Software Services Pvt. Ltd.), which has expertise in design engineering services and is a reseller of engineering software (Pro-E) manufactured by Parametric Technology Corporation, USA. The balance 49% in the equity is held by a NRI based out of Dubai. We propose to enhance the capabilities of this subsidiary in areas of Computer Aided Design and Computer Aided Engineering and Tool Designing. The subsidiary has presently 40 software engineers. The total expenditure is estimated at Rs.20 million which will be utilized for acquisition of the necessary computer hardware and software and to create infrastructure for accommodating 210 technical personnel and partly defray their salaries for a period of 6 months.

Memorandum of Understanding with Detroit Engineered Products Plc. USA

We have entered into a Memorandum of Understanding on 28th August 2006 with another Design Engineering company Detroit Engineered Products Plc., USA providing cutting edge solutions to leading automobile manufacturers viz. General Motors, Ford Motors, Daimler Chrysler, Toyota, Honda, Hyundai etc. The high-end design engineering capabilities will enable us to reposition ourselves as one of the most technologically competent components solution providers in the world.

Detroit Engineered Products is a Michigan based engineering consulting and software products firm specializing in the area of Product Development products and solutions. All of the products and services are aimed at reducing the overall product development cycle and bring products faster to market. The company has been in business since 1998 providing the tools and services to all major automotive OEM’s and several major Tier I suppliers.

The main office of DEP is in Troy, Michigan and Global Innovation Center is located in Chennai, India. The company is represented around the world by 14 partners companies that provide software support to the local customers. Countries that are currently served include Japan, China, Korea, Taiwan, Belgium, Germany, Malaysia, India and Singapore.

Core strengths are in the following areas:

- Advanced Engineering Consulting
- Product development services including CAD and CAE
- Knowledge Based Engineering Wizards
- Low cost engineering services using Global Innovation Center in India
- Design optimization
- Custom Engineering Software Development
- Advanced Vehicle Control System Development

Funding including capitalization requirements, if any, for the merger of this company with us, shall be met from the internal accruals.

3. Relocation/Consolidation of units

Our business has grown rapidly during the past three years with sales growing from Rs. 270 million to Rs. 1130 million. This necessitated in setting up additional manufacturing capacities raising the funds deployed in fixed assets increasing from Rs. 189 million in March 2003 to Rs. 600 million in March 2006. Three expansions were implemented in quick succession during last 3 years. Originally we started our operations at Kudalwadi/Jadhavwadi with a total built up area of 10,000 sq. ft. A second unit was then set up at Chakan with 40000 sq. ft. and now expanded to 114,000 sq. ft. area. Subsequently we set up the third unit at T-135 MIDC, Bhosari with a 53,000 sq. ft. area. Our existing operations are thus spread at five places (including a wholly owned subsidiary i.e. Western Pressing Pvt. Ltd. at F-24/25 MIDC, Pimpri). We now propose to relocate/consolidate the existing manufacturing facilities at Kudalwadi and Jadhavwadi into a new unit to rationalize production, improve efficiency and enable cost savings. The expenditure envisaged for the purpose is Rs. 73.50 million and is proposed to be funded from the public issue proceeds. The break-up of the expenditure is given below:-

(Rs. in millions)				
S. No.	Particulars	Incurred upto 31.08.06	To be incurred	Amount
1.	Land & Site Development	0.00	30.00	30.00
2.	Factory Shed	0.00	15.00	15.00
3.	Office Building	0.00	2.50	2.50
4.	Plant & Machinery	0.00	22.50	22.50

5.	Misc. Fixed Assets	0.00	3.00	3.00
6.	Furniture & Fixtures	0.00	0.50	0.50
	TOTAL	0.00	73.50	73.50

Detailed Estimate of expenditure is tabulated below: -

(Rs. in millions)

Sr. No.	Particulars	Total Cost	Details of Land Purchase agreement
a.	Cost of land including cost of development, internal roads etc to be purchased from MIDC for relocation of Units in MIDC, Bhosari, Pune Total Area 100000 Sq. Ft @ Rs. 300 per Sq. ft approx	30.00	To be finalized.
	Total	30.00	

ii) Civil Works - Factory Shed & Office Building

(Rs. in millions)

S. No.	Particulars	Area Sq. Ft.	Rate (Rs. / Sq. Ft.)	Cost	Total	Supplier Details
a.	Factory	30,000	500	15.00		S.N.PingleConsultants dt 22/7/06.
b.	Office Building	5,000	500	2.50	17.50	

iii) Plant & Machinery

(Rs. in millions)

S. No.	Particulars	Basic Cost	Taxes & Duties	Transportation	Total	Supplier details
a.	Relocation of Machinery including replacement of old Machinery & additional new Machinery	18.50	4.00		22.50	Lamba, Quote No. E-MAIL DTD. 04/06/06

Miscellaneous Fixed Assets

(Rs. in millions)

S. No.	Particulars	Basic Cost	Taxes & Duties	Transportation	Total	Supplier Details
a.	Compressors, Cranes, Electricals, etc.	3.00	-	-	3.00	Electrofab Crane, Quote No. EFE/525/NIL/2005 /R1 DTD.04/06/06

v) Furniture & Fixtures

(Rs. in millions)

S. No.	Particulars	Basic Cost	Taxes & Duties	Transportation	Total	Supplier Details
1.	Furniture & Fixtures	0.50	-	-	0.50	S.N.PingleConsultants dt 22/7/06.

4. Corporate Office/Marketing Set-up at T 135, MIDC, Bhosari

The registered office of the company is at MIDC Bhosari. The accounts and HR functions are presently at Kudalwadi. We also need to augment our marketing team with a view to expand our customer base. We therefore plan to house Marketing, Secretarial, Accounting, Human Resources and Administrative functions at

one place. We propose to construct a separate block attached to the existing building with three floors having a total of 12500 sq. ft. built up area. The expenditure will largely be on civil works and is expected to be approx. Rs.10 million to be met from the proposed public issue.

The details of the cost are given below:

(Rs. in millions)						
S. No.	Particulars	Area/ Qty	Rate/sq.ft	Cost	Total	Details of Suppliers
1.	Office Building	12,500	800	10.00	10.00	S.N.PingleConsultants dt 22/7/06.

5. Acquisitions

As a part of our strategy for product and customer diversification we had drawn up a plan to invest upto Rs.50 million in acquisitions. During November 2005 we acquired Western Pressings Private Ltd a company with facility to manufacture formed tubular products such as Silencers and Exhaust Systems etc for commercial vehicles at a cost of Rs.19.44 million We propose to utilize upto Rs.30.56 million from the proceeds of the public issue for acquisition of companies within the automotive sector for further diversifying the product and customer profile.

We have entered into a memorandum of understanding on 28th August 2006 with Detroit Engineered Products, USA a design engineering Services Company presently providing services to the leading automobile manufacturers globally. We are endeavoring to have a long term relationship with said company and any requirements of funds in this endeavor shall be met from internal accruals.

6. Augmentation of Long Term Working Capital Resources

The company is presently enjoying working capital facilities from Bank of Baroda to the tune of Rs. 107 million. We have estimated the working capital requirements to go up substantially with the expansion in manufacturing activities and propose to provide Rs. 110 million as long term working capital resources to be funded through equity. An amount of Rs. 110 million is therefore earmarked from the proceeds of the issue for augmenting our long term working capital resources. The projected sales, current assets and liabilities and working capital requirements are tabulated below:-

(Rs. in millions)			
	2006-07	2007-08	2008-09
Sales	2212	4702	5643.00
A. Total Current Assets	273.10	566.90	680.20
B. Current Liabilities other than Bank Borrowings	62.90	133.70	160.40
C. Working Capital Gap (A-B)	210.20	433.20	519.80
D. Bank Borrowings	147.00	303.50	363.00
E. Working Capital to be funded from internal accruals and equity	63.20	129.70	156.80

Assumptions underlying the projections:

- Inventories have been assumed at 3 months holding
- Receivables have been assumed at 2 months sales
- Creditors have been assumed at 1.5 months purchases

7. Issue Management expenses

The expenses for this Issue includes merchant bankers and underwriters fees, brokerage/ selling commission, distribution expenses, legal fees, fees to advisors, printing and stationery, advertising expenses and listing fees payable to the Stock Exchanges, among others. An amount of Rs. 50.00 million has been earmarked to meet these expenses which are to be met from the proceeds of the issue.

(Rs. in millions)

Sr.No.	Particulars	Amount
1	Book Running Lead Managers/Syndicate fees	15.00
2	Registrar to the Issue	1.00
3	Advisors to the Issue	1.00
4	Printing & Stationery	10.00
5	Advertising Expenses	6.00
6	Brokerage and Selling Commission	15.00
7	Legal Fees	1.00
8	Other Expenses (incl. Filing Fees, Listing Fees, Depository charges, etc.)	1.00
	TOTAL	50.00*

*The amounts provided for under various categories are only indicative and expenses will be incorporated after finalization of issue price.

8. Contingencies

Contingencies to meet unforeseen escalations in the following project related expenses has been calculated at 7% and an amount of Rs.40 million is proposed to be met from the issue proceeds.

(Rs. in millions)

S. No.	Particulars	Expendi-ture to be incurred
1.	Up gradation of facilities at existing units at Bhosari and Chakan	14.14
2.	Setting up of New Unit at Chakan	342.18
3.	Relocation of units	73.50
4.	Corporate House – Bhosari	10.00
5.	Project Investments	140.05
	TOTAL	579.87
	Contingencies at 7% of the above	40.59
	Say Rs. 40 million	

RAW MATERIALS

The main raw material for our manufacturing operations is mild steel and alloy steel which is sourced directly from manufacturers such as Tata Steel Ltd, Bhushan Steel Ltd, Ispat Ltd, Essar Steel Ltd. We use the following grades of steel in our manufacturing processes:-

Thickness (in mms.)	Grade	Consumption (MT)
0.7	D513	3000
1.2	D513	2520
1.0	EDD513	2436
1.0	D513	2268
1.6	DD1079	1200
2.0	DD1079	1368
Other grades	-	7632
Total Consumption per annum		20424

The required raw material is available in large quantities and according to our qualitative requirements.

Utilities

Power: We have a sanctioned HT load of 900 KVA against immediate requirement and connected load of 300 KVA. On completion of Phase-II of the expansion the load requirement will be 600 KVA and therefore the present sanctioned load can take care of future expansions as well.

There are two generators with a total capacity of 563 KVA which takes care of standby support in case of failure of power supply from the State Grid.

Water

The total water requirement is estimated at 200000 liters which is met from our bore wells and tanker supplies.

Manpower

With more and more of our operations being automated the additional manpower requirement envisaged is minimum. Except for Chakan Unit-II we will not require any additional manpower. For Chakan Unit-II we have estimated the manpower requirement at 72 the break-up of which is given below:-

Sr. No.	Employee Category	Door Assemblies	Heavy Load Bodies	Large sized sheet metal assemblies	Total
1.	Shop Floor In charge	1	1	1	3
2.	Supervisors	3	3	3	9
3	Skilled Workers	10	20	10	40
4.	Unskilled Workers	5	10	5	20
Total		19	34	19	72

Schedule of implementation of the project and progress made so far, giving details of land acquisition, civil works, installation of plant and machinery, trial production, date of commercial production, etc.

Schedule of Implementation

Chakan Unit-I

Expansion of Capacities at Chakan Unit-I

S. No.	Particulars	Present Status as on November 30, 2006
1.	Office Building (5000 sq. ft.) at existing unit at Chakan	The work has been completed.
2.	Load Body Line II (Automated) at existing unit at Chakan	Already Installed
3.	Furniture & Fixtures at existing unit at Chakan	Work expected to be completed by 31 January 2007.
4.	Misc. Fixed Assets at existing unit at Chakan	Relates to electricals, etc. Orders to be placed.
5.	Tools & Dies at existing unit at Chakan	To cater to the demand for load bodies and automobile bodies

Setting up of New Unit-II at Chakan (Phase-I)

Activity	Commencement	Date of Completion	Present Status as on November 30, 2006
1. Acquisition of Land	Jan 05	Feb 05	Completed
2. Land Development	Sept 05	Dec 05	Development on 7 Acres of Land out of total 15 Acres is completed
3. Factory Shed	Sept 05	Oct 06	Completed
4. Office Building	Dec 05	Dec 06	Work in progress and civil work complete – 60% in Nov 06 and will be completed by January 2007
5. Plant & Machinery – Order, delivery & installation	Sept 05 Oct 05 Dec 05	Oct 06 June 06 Sept 06	Total 10 Presses have been ordered and in the first Phase only 5 presses are to be installed. Details given below**
8. Trial Production	Mar 06	Sept 06	In the first Phase, the production on all the 5 Presses has started.
9. Commercial Production	Sept 06	Oct 06	Already commenced

**

Sr. No	Particulars	Status
i.	800 MT Press 2 Nos. Foundation & Refurbishing	Already Installed Completed
ii.	880 MT Press 2 Nos. Foundation & Refurbishing	Already Installed Completed
iii.	1050 MT Press Foundation & Refurbishing	Already Installed Completed
iv.	Press Line 5 Nos. from France Foundation & Refurbishing	To be installed by April 07 To be carried out
v.	1600 MT Press Foundation & Refurbishing	To be installed by July 07 To be carried out
vi.	Automation of Existing Press & Scrap Collection Conveyer	To be installed by March 2007
vii.	Paint Shop CD Coating	To be installed by September 07
viii.	Machinery for Stokota	To be installed by January 2007.

c) Furniture & Fixtures

S. No.	Particulars	Status
i.	Furniture & Fixtures	Orders to be placed after completion of civil works.

d) Misc. Fixed Assets

S. No.	Particulars	Status
i.	Compressors, Cranes, Electricals, etc.	Already installed

Chakan Unit-II (Phase-II)

Activity	Commencement	Date of Completion	Present Status as on November 30, 2006
1. Plant & Machinery - Order	Aug 06	Dec 06	Additional 5 Presses have been ordered along with Transfer Lines and Scrap Collectors and the Balancing Machinery and Equipments Except CD Coat Paint Booth. The Paint Booth will be ordered in the month of March 07.
2. Plant & Machinery – Delivery	Nov 06	Dec 06	The 5 No. Presses will be received in Feb 07 and another 1 Press in May 07. The installation of such presses will be done immediately as the required Foundation and Tunnels are ready.
3. Installation of Plant & Machinery	Dec 06	Feb 07	All the Presses will be installed by Mar 07 with Trial Run.
4. Trial Production	Feb 07	Mar 07	The trial production on all the Presses will be completed by April 07.
5. Commercial Production	Mar 07	Mar 07	The Commercial Production of the expansion of the 2 nd phase will commence in the month of April 07.

Commercial Tool Room

Activity	Commencement	Date of Completion	Present Status as on November 30, 2006
1. Plant & Machinery – Order	Sept 06	Dec 06	The Machinery for the Commercial Tool Room will be ordered in January 2007
2. Plant & Machinery – Delivery	Dec 06	June 07	The Machinery for the Tool Room will be received from Mar 2007 and certain Imported CNC Machines will be delivered by June 07.
3. Installation of Plant & Machinery	Jan 07	June 07	The Total installation of the Machinery will be completed by June 07.
4. Trial Production	Jul 07	Aug 07	The trial production on all the Presses will be completed by Jul/ Aug 07.
5. Commercial Production	Sept 07	Sept 07	The Commercial Production of the Commercial Tool Room will commence in the month of Sept 07.

UAE Operations:

The Land of 6,000 Sq Meters at Abu Dhabi Industrial Area, UAE, has been acquired by the Local Partner and the construction of the Factory Building and Office Building is in progress. The Land and Building will be leased out to the Company from Jan 2007. The Orders for the Machinery is expected to be placed in the month of Nov 06 and the delivery of the same is expected in the month of Dec 06. The Installation of the same is expected to be completed by Jan 07. The Trial Production will be made in Jan 07 and the commercial production will commence from Feb 07.

Activity	Commencement	Date of Completion	Present Status as on November 30, 2006
Acquisition of Land			Land already acquired by our local Partner in UAE
Civil Construction	November 2006	March 2007	Construction in progress
Plant & Machinery Order	December 2006	January 2007	Order yet to placed
Plant & Machinery- installation	March 2007	March 2007	Order yet to placed
Commercial Production	April 2007		Expected to be as above

Design Engineering Unit:

Autoline Dimensions Software Pvt. Ltd. has been acquired in March 06. Autoline Industries Limited will invest Rs. 20.00 Million by the end of June 07. We have already invested Rs. 5.00 Million till date and by Mar 07 further Rs. 5.00 Million will be invested.

Relocation of Kudalwadi and Jadhavwadi Units:

The relocation of the above units is expected to be completed by June 07. The Land in MIDC, Bhosari is being identified and the work for Factory Building will commence by Jan 07. The Plant and Machinery will be ordered in the month of Jan 07. The delivery of the Plant and Machinery is expected in the month of Mar 07. The installation of Plant and Machinery will be completed by May 07 and the trial production will be carried out in the month of May 07. The commercial production will commence from the month of June 07.

i) Land & Site Development:

S. No.	Particulars	Status
a.	Cost of land including cost of development, internal roads etc to be purchased from MIDC for relocation of Units in MIDC, Bhosari, Pune Total Area 100000 Sq. Ft @ Rs. 300 per Sq. ft approx	At negotiation stage for identification of plot.

ii) Civil Works - Factory Shed & Office Building

S. No.	Particulars	Remarks
a.	Factory	Work to commence from February 2007
b.	Office Building	

iii) Plant & Machinery

S. No.	Particulars	Status
a.	Relocation of Machinery including replacement of old Machinery & additional new Machinery	To be installed by May 07.

iv) Misc. Fixed Assets

Sr. No.	Particulars	Status
a.	Compressors, Cranes, Electricals, etc.	To be installed by May 07

v) Furniture & Fixtures

Sr. No.	Particulars	Status
1.	Furniture & Fixtures	Orders to be placed after completion of civil works.

Corporate Office in T 135, MIDC, Bhosari:

The work for the construction of Corporate Office at T – 135, MIDC, Bhosari will commence in the month of Nov 06 and is expected to be completed by June 07.

S. No.	Particulars	Status
1.	Office Building	Construction to start in February 2007 and completed by September 2007

Expenditure already incurred on the objects of the Issue

Funds Deployed as on the date of filing of Red Herring Prospectus.

As per the certificate issued by M/s. Gujar Rawat Sheth & Associates, Chartered Accountants (statutory auditors) dated 20.12.2006 details of funds deployed upto 30th November 2006 and the means of finance are tabulated below:-

(Rs. in Millions)

Sr. No.	Particulars	Amount
1.	Building	127.09
2.	Plant & Machinery	185.67
3.	Tools & Dies	41.43
4.	Electricals	14.60
5.	Furniture & Fixtures	1.02
6.	Misc. Fixed Assets	18.22
7.	Advance for Capital goods	49.92
8.	Investment in Autoline Dimensions	5.02
9.	Acquisition – Western Pressings Pvt. Ltd.	19.44
	TOTAL	462.41
SOURCES OF FUNDS		
1.	Private Placement of Equity	79.60
2.	Unsecured Loans - Promoters	140.00
3.	Secured/ Unsecured Loans	202.81
4.	Internal accruals	40.00
	TOTAL	462.41

Shortfall of Funds

Any shortfalls in meeting the project cost will be met through further internal accruals, cash and bank balances and/or unsecured loans as will be raised by our Promoters.

PROPOSED DEPLOYMENT OF FUNDS:

(Rs. in millions)

S. No.	Activity	Cost of the Activity	Up to 31 st Mar 06	April 06 to Sept 06	Oct 06 to Mar 07	After Apr 07
I] Up gradation of existing units at Kudalwadi, Bhosari and Chakan						
1.	Land & Site Development	0.00	0.00	0.00	0.00	0.00
2.	Office Building	3.00	1.95	1.05	0.00	0.00
3.	Plant & Machinery	45.00	38.28	2.72	4.00	0.00
4.	Furniture & Fixtures	2.00	0.26	0.74	1.00	0.00
5.	Misc. Fixed Assets	7.00	6.70	0.30	0.00	0.00
6.	Tools & Dies	30.00	25.67	3.33	1.00	0.00
Total		87.00	72.86	8.14	6.00	0.00

II] New Unit at Chakan						
1.	Land & Site Development	0.00	0.00	0.00	0.00	0.00
2.	Factory Shed	117.00	73.05	18.95	25.00	0.00
3.	Office Building	13.00	0.00	4.00	9.00	0.00
4.	Plant & Machinery	347.00	94.27	77.73	100.00	75.00
5.	Furniture & Fixtures	2.50	0.00	1.50	1.00	0.00
6.	Misc. Fixed Assets	30.00	0.00	20.00	10.00	0.00
	Total	509.50	167.32	122.18	145.00	75.00
III] Relocation of Units						
1.	Land & Land Development	30.00	0.00	0.00	30.00	0.00
2.	Factory Shed	15.00	0.00	0.00	15.00	0.00
3.	Office Building	2.50	0.00	0.00	2.50	0.00
4.	Plant & Machinery	22.50	0.00	0.00	22.50	0.00
5.	Misc. Fixed Assets	3.00	0.00	0.00	3.00	0.00
6.	Furniture & Fixtures	0.50	0.00	0.00	0.50	0.00
	Total	73.50	0.00	0.00	73.50	0.00
IV] T 135, MIDC, Bhosari						
1.	Corporate House	10.00	0.00	0.00	5.00	5.00
	Total	10.00	0.00	0.00	5.00	5.00
V] Project Investments						
1.	UAE Operations	40.00	0.00	10.00	30.00	00.00
2.	Acquisitions	50.00	19.44	0.56	0.00	30.00
3.	Modern Commercial Tool Room	50.00	0.00	0.00	20.00	30.00
4.	Design Engineering Software Services	20.00	0.51	4.49	5.00	10.00
	Total	160.00	19.95	15.05	55.00	70.00
VI] Others						
1.	Issue Expenses	50.00	0.00	10.00	40.00	0.00
2.	Working Capital Margin	110.00	0.00	20.00	30.00	60.00
3.	Contingencies	40.00	0.00	0.00	0.00	40.00
	Total	200.00	0.00	30.00	70.00	100.00
	GRAND TOTAL	1040.00	260.13	175.37	354.50	250.00

Interim Use of Funds

As per the proposed implementation schedule, there will be a time gap of upto 6 months between expected receipt of the proceeds of the issue and full deployment of funds. The Company intends to invest the unutilized funds in short term deposits with banks in order to earn interest or deposit the same in cash credit account to save interest on Bank Overdrafts.

APPRAISAL

The Project has been appraised by BOB Capital Markets Limited, Mumbai as per their report dated 20th September 2006. The scope and purpose of the appraisal was to study the financial aspects of the proposed expansion and diversification plans and to assess the financial viability of the proposed capital expenditure plan. Appraisal by BOB Capital Markets Limited has been used as a basis for this document wherever required. BOB Capital Markets Limited vide their letter dated September 21, 2006, have given their consent for their name being included as appraising agencies and for their appraisal report being used in this document. However, the appraiser did not have any financial commitment in the proposed project expansion nor they have been appointed as the Monitoring Agency for the deployment of funds.

BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act 1956, the Memorandum and Articles of Association of the Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note (“CAN”) and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and / or other authorities, as in force on the date of the Issue and to the extent applicable.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the BRLM in consultation with the Company, on the basis of assessment of market demand for the Equity Shares, by way of Book Building Process.

Qualitative factors

- *Integrated design engineering, rapid prototyping, tooling and mass manufacturing capabilities*
- *Capacity to provide high quality components, requiring frequent reengineering to suit different market needs, in large volumes at short notice*
- *Existing Arrangement for supply of assemblies for heavy commercial vehicles*
- *Engaged in an industry with very high growth potential*
- *Have modern manufacturing facilities in Chakan area (Pune) which is witnessing explosive growth with domestic and global auto makers in the process of setting up large facilities*
- *One of the top five prime vendors of auto components in Pune*
- *Ranked No.1 in terms of adherence to quality standards*
- *High Operational Efficiency*

Quantitative factors

a) Earnings per share

Financial year ended	EPS (Rs)	Weight
31st March 2004	1.3	1
31st March, 2005	3.6	2
31st March, 2006	10.8	3
Weighted average EPS	6.8	
30th November 2006	15.95	

Note: Net Profit after adjustments attributable to equity shareholders divided by weighted average number of equity shares outstanding at the end of the year.

b) Price/Earning Ratio (P/E Ratio) in relation to the price band of Rs. 200-225 is calculated below:-

Industry P/E

Highest : 35
Lowest : 10
Composite Average : 20.8

Autoline Industries Ltd: Based on the audited results of 31.03.2006 – EPS: Rs. 10.03

Based on the audited results of 30.11.2006 – EPS: Rs. 15.95 (Annualised)

Based on the EPS for the year ended March 31, 2006 EPS (stand alone restated financial statement) was Rs. 10.03, the P/E is 19.94 times at the lower end of the price band and 22.43 times at the upper end of the price band. Based on the EPS as per audited restated financial statement of 30.11.2006 the P/E works out to 12.53 at the lower end and 14.10 times at the upper end of the price band.

c) Return on Net worth

Financial Year	RONW %	Weight
31st March, 2004	7.7	1
31 st March, 2005	20.9	2
31 st March, 2006	34.4	3
Weighted average RONW	25.45	

Note: Net Profit after adjustments as restated divided by equity shareholders' funds at the end of the period/year.

d) **Minimum return on total net worth** needed after the Issue to maintain EPS (as on March 31, 2006) at Rs.10.03 shall be 24.75% post issue..

e) **Net Asset Value per Equity Share (In Rs.)***

As at 31st March, 2006	32.32**
As at 31 st March , 2005	14.5
Issue Price (Band)	Rs.200-225
After Issue at Issue Price of Rs.[•]	[?]

**Note: Net worth at the end of the year divided by the weighted average number of equity shares at the end of the period / year*

***NAV as on 30.11.2006 Rs. 42.49*

f) The face value of equity shares of AIL is Rs.10/- and the Issue price is 20 times of the face value at the lower end and 22.5 times at the upper end of the price band.

The issue price will be determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the equity shares by way of book building and is justified on the basis of the above factors.

Comparison of accounting ratios of the Company with industry average and accounting ratios of peer group for Financial Year 2006.

Strictly, the Company cannot be compared with the other listed companies, as the company doesn't have apparent competitor in the segment, in which it is operating. However, the following companies have some elements of the business, therefore, a comparison with these companies could be relevant to a negligible extent:

Company	Year/Period ended	EPS (Rs.)	P/E	Book Value (Rs.)
Autoline Industries Limited	March 2006	10.03*		32.32**
Automobile Corpn of Goa Ltd	March, 2006	28.4	10	45.8
Automotive Stampings & Assemblies Ltd	March, 2006	2.6	35	33.7
Jay Bharat Maruti Ltd	March, 2006	9.9	11	41.3
Rasandik Engg. Industries Ltd	March, 2006	10.3	13	46.2

*30th November 2006 EPS 15.95 (Annualized)

***NAV as on 30.11.2006 Rs. 42.49*

(Source: Capitaline Database 20 November 2006; COSPI:CMIE Overall Share Price Index for Auto Ancillaries: CMIE Industry Review November 2006)

BRLM believes that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. See the section titled "Risk Factors" on page no. [x] of this Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report on page no. 125 of this Red Herring Prospectus to have a more informed view.



To,

Autoline Industries Limited
T – 135, MIDC, Bhosari,
Pune 411 026.

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

Statement of Possible Tax Benefits available to the Company and its Shareholders.

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the current Tax Laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement 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 and the fact that the Company will not distinguish between the shares offered for subscription and the share offered for sale by the Selling shareholders, 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.

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

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

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

For GUJAR RAWAT SHETH & ASSOCIATES
CHARTERED ACCOUNTANTS

(Vinit Rawat)
Partner
M. No.: 45294

Place: Pune

Date: 19.09.2006

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

The tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions as may be prescribed under the relevant sections of the Income-tax Act, 1961 ('the Act').

The following are the benefits that may be available to the Company and the prospective shareholders under the Act.

1. Benefits applicable to the Company /prospective shareholders

1.1 Dividends exempt under section 10(34) of the Act.

Dividends (whether interim or final) declared, distributed or paid by a domestic company are exempt in the hands of the Company/prospective shareholder, in its capacity as a registered shareholder, as per the provisions of Section 10(34) of the Act, if the same is subject to dividend distribution tax under section 115-O of the Act. However section 94(7) of the Act provides that losses arising from the sale/transfer of shares purchased up to three months prior to the record date and sold within three months after such date will be disallowed to the extent dividend on such shares is tax exempt in the hands of the shareholder.

1.2 Computation of capital gains

Capital Assets may be categorized into short term capital assets and long term capital assets based on the period of their holding. All capital assets (except shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or zero coupon bond (as defined in section 2(48) of the Act) are considered to be long term capital assets if they are held for a period in excess of 36 months. However, shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of a mutual fund specified under section 10(23D) or a zero coupon bond, shall be considered as long term capital assets if they are held for a period in excess of 12 months.

Consequently, capital gains arising on sale of shares held in a company or any other security listed in a recognized stock exchange in India or a unit of the UTI or a unit of mutual fund specified under section 10(23D) or a zero coupon bond held for more than 12 months would be considered as "long term capital gains".

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

However, in context of transfer of shares of an Indian company held by a non-resident, the computation of long-term capital gains is to be determined in the foreign currency initially utilized for the purpose of acquiring the shares (As per the first proviso to section 48 of the Act). The capital gain (i.e. Sale proceeds less cost of acquisition/improvement) so computed in the original foreign currency is then required to be converted into Indian rupees at the prevailing prescribed rate of exchange. Accordingly, it may be noted that the benefit of indexation is not available if the shares are purchased in foreign currency by a nonresident.

1.3. Exemption of long-term capital gains.

- As per the provisions of section 10(38) of the Act, long term capital gain arising from transfer of an equity share in a company or unit of an equity oriented fund is exempt from income-tax if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004. However, in computing the 'book profits' of a company under section 115JB of the Act, income by way of long term capital gains is not to be reduced, if any such amount is credited to the profit and loss account.
- Additionally, in terms of section 88E of the Act, the securities transaction tax paid in respect of taxable securities transaction entered into the course of business would be eligible for a rebate from the amount of income-tax on the income chargeable under the head "Profits and gains of business and profession" arising from taxable securities transaction. Such rebate would be restricted to the amount of average rate of income tax on such income. As such no such deduction will be allowed in computing the income chargeable to tax as capital gains, for the amounts paid on accounts of securities transaction tax.
- As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising from transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in "long term specified assets" (as defined under the said section) within six months from the date of transfer. Further, in the case of individuals, it may be noted that no deduction shall be available under

section 80C, in respect of the amounts that are taken into consideration for the purpose of section 54EC of the Act.

- In addition to the benefits mentioned above, the Company and its prospective shareholders would be entitled to the following specified benefits subject to satisfaction of the conditions prescribed under the relevant sections of the Act.

2. Specified benefits available to the Company

The following benefits are in additions to the benefits provided in Paragraph 1, above.

2.1 *Taxation of capital gains (other than those discussed in Paragraph 1.3 above)*

<i>Nature of Gain</i>	<i>Benefits available/Rate of Taxation</i>
Long term capital gain	<ul style="list-style-type: none"> • As per the provisions of Section 112(1)(b) of the Act, long term capital gains would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) • However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefits exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefits, then such gains are chargeable to tax at the rate of 10 percent without indexation benefits (plus applicable surcharge and education cess)
Short term capital gain	<ul style="list-style-type: none"> • Gains arising on transfer of a short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge and education cess) • However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess) if the transaction for sale is chargeable to securities transaction tax under Chapter VII the Finance (No.2) Act, 2004.

2.2 *Unabsorbed depreciation and business losses.*

As per the provisions of section 32(2) of the Act, where full allowance cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent year(s). Further, as per the provisions of section 72 of the Act, unabsorbed business losses which is not set off in any previous year can be carried forward and set off against the business profits of the subsequent assessment year(s) subject to a maximum of eight assessment years. However, the carry forward and set off of business losses are subject to restrictions specified in section 79 and section 80.

2.3 *Others*

- Subject to compliance of certain conditions laid down in section 32 of the Act, the Company will be entitled to a deduction for depreciation (including Additional Depreciation):
- In respect of tangible assets at the rates prescribed under the Income tax Rules, 1962, In respect of intangible assets being in the nature of know-how, patents, copyrights, trademarks, Licenses, franchises or any other business or commercial right of similar nature acquired on or after April 01, 1998 at the rates prescribed under the Income tax Rules, 1962.
- Under section 35D of the Act, a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue of shares for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions stated under the said section.
- Under section 115JAA(1A) of the Act, credit shall be allowed for any tax paid under section 115JB of the Act (MAT) for any assessment year commencing on or after April 1, 2006 against the tax payable under the provisions of the Act other than section 115JB. Such set off is however restricted to the difference between tax on income computed in accordance with the provision of the Act other than section 115JB and tax payable under section 115JB. Credit eligible for carry forward is the difference between MAT paid and tax computed as per the provision of the Act excluding section 115JB. Such MAT credit shall not be available for set-off beyond seven years succeeding the year in which the MAT credit initially arose.

3. Benefits available to resident individual shareholders

The following benefits are in addition to the benefits stated in Paragraph 1 above.

3.1 Income of a minor exempt up to a certain limit

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

3.2 Taxation of Capital gains (other than those discussed in Paragraph 1.3 above)

Nature of Gain	Benefits available/Rate of Taxation
Long term capital gain	<ul style="list-style-type: none"> As per the provision of Section 112(1)(b) of the Act, long term capital gains would be subject to tax at rate of 20 percent (plus applicable surcharge and education cess). <p>However, as per the proviso to Section 112(1) of the Act, If the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit, exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (Plus applicable surcharge and education cess).</p> <ul style="list-style-type: none"> As per the provisions of Section 54F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to income-tax to the extent the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed.
Short term capital gain	<ul style="list-style-type: none"> Gains arising from the transfer of short -term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess). However as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004

Benefits available to Non-Resident Indian (as defined in Section 115C(e) of the Act) shareholders

The following benefits are in addition to the benefits stated in Paragraph 1 above

4.

4.1 Income of a minor exempt up to a certain limit

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

4.2 Taxation of capital gains – Options available under the Act (other than those discussed in Paragraph 1.3 above)

(A) Where shares have been subscribed in convertible foreign exchange – Option available under Chapter XII-A of the Act.

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

- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company's shares will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.
- As per provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising from the transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within a period of six months from the date of transfer in any specified asset (As defined under section 115C(f) of the Act) or savings certificates (As referred to in clause (4B) of section 10 of the Act). If only part of such net consideration is so invested, then such gains would not be chargeable to tax on a proportionate basis.
- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source is income from investments or long term capital gains or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from certain specified assets (as prescribed in section 115H) for that year and subsequent assessment years until such assets are transferred or converted into money.
- As per the provisions of section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

(B) Where the shares have been subscribed in Indian Rupees.

<i>Nature of Gain</i>	<i>Benefits available/Rate of Taxation</i>
Long term capital gain	<ul style="list-style-type: none"> • As per the provision of section 112(1)(c) of the Act, long-term capital gains would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). • However, as per the proviso to section 112(1) of the Act, if the tax payable in respect of long term capital gain resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess). • As per the provisions of Section 54F of the Act and subject to the conditions specified therein, gains arising on transfer of long term capital asset (not being a residential house) are not chargeable to income-tax to the extent the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed.
Short term capital gain	<ul style="list-style-type: none"> • Gains arising from the transfer of short-term capital assets are currently chargeable to tax at 30 percent (plus applicable surcharge and education cess). • However, as per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund would be taxable at 10 percent (plus applicable surcharge and education cess), if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004.

4.3 Provisions of the Act vis-à-vis provisions of the tax treaty

As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident Indian.

5. Benefits available to other Non-Residents shareholders

The following benefits are in addition to the stated in Paragraph 1 above.

5.1 Income of a minor exempt up to a certain limit

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

5.2 Taxation of capital gains (other than those discussed in Paragraph 1.3 above)

Nature of Gain	Benefits available/Rate of Taxation
Long term capital gain	<ul style="list-style-type: none"> As per the provisions of Section 112(1)(c) of the Act, long term capital gains would be subject to tax at the rate of 20 percent (plus applicable surcharge and education cess) However, as per the proviso to Section 112(1) of the Act, if the tax payable in respect of long term capital gains resulting on transfer of listed securities or units or zero coupon bonds, calculated at the rate of 20 percent with indexation benefit exceeds the tax payable on gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at the rate of 10 percent without indexation benefit (plus applicable surcharge and education cess) As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax to the extent the entire net consideration received on such transfer is invested within the prescribed period in a residential house either purchased or constructed.
Short term capital gain	<ul style="list-style-type: none"> As per section 111A of the Act, short term capital gain arising from transfer of an equity share in a company or a unit of an equity oriented fund be taxable at 10 percent (plus applicable surcharge and education cess), if the transaction for sale is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act 2004.

5.3 Provisions of the Act vis-à-vis provisions of the treaty

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

6. Benefits available to Foreign Institutional Investors (“FIIs”)

The following benefits are in addition to the benefits stated in paragraph 1 above

6.1 Taxability of capital/gains (other than those discussed in Paragraph 1.3 above)

As per the provisions of section 115AD of the Act, FIIs will be taxed on the capital gains income at the following rates.

Nature of Income	Benefits available/Rate of Taxation
Long term capital gains	10 percent
Short term capital gains	30 percent/10 percent (<i>Reduced rate of 10 percent if the transaction for sales is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004</i>).

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation adjustment as provided by section 48 of the Act are not available to FIIs.

In accordance with the provisions of section 196D(2), no deduction of tax shall be made from any income, by way of capital gains arising on transfer of securities referred to section 115AD payable to a FII.

6.2. Provisions of the Act vis-a- vis provisions of the treaty.

As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

7. Benefits available to Mutual Funds.

As per the provisions of section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to such conditions as may be prescribed in this behalf. In addition, in

accordance with the provisions of section 10(35) of the Act any income by way of income received in respect of units of a Mutual Fund specified under section 10(23 D) is exempt from tax in the hands of the recipient.

8. Benefits available to Venture Capital Companies/Funds

As per the provisions of section 10(23FB) of the Act, income of

- 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 the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by the Unit Trust of India, which has been granted a certificate under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking, are exempt from income-tax. However, the income distributed by the Venture Capital Companies/Funds to its investors would be taxable in the hands of the recipients.

9. Benefits available under the Wealth Tax Act, 1957.

Shares of a company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957. Hence shares of the company are not liable to wealth tax.

Notes:

1. All the above benefits are as per the current tax laws. The stated benefits will be available only to the sole/first named holder in case joint holders hold the shares.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which non-resident has fiscal domicile.
3. In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

ABOUT US

INDUSTRY OVERVIEW

Indian auto component industry

The Indian automobile ancillary sector is transforming itself from a low-volume, highly fragmented one into a competitive industry, and backed by competitive strengths, technology and transition up the value chain. Broadly the Indian automotive component industry can be divided into the organized and the unorganized segments. While the forte of the organized sector is the high valued added precision engineering products, the presence of a large unorganized sector is characteristic especially of the lower value-added segments of the industry.

In the organized segment, the component manufacturers supply components to at least one of the Original Equipment (Vehicle) Manufacturers (OEMs). Such component manufacturers usually have access to the required technology due to their tie-ups with some of the foreign collaborators or through their links with the automobile manufacturer. There are presently 29 Vehicles Manufacturers (OEMs) in India located at Gurgaon, Pune and Chennai who together manufactured more than 5.2 million vehicles during 2005-06.

Original Equipment Manufacturers of 4-Wheelers in India and production during 2005-06

JAPANESE/JOINT VENTURE OEMS	Production in 000s	AMERICAN OEMS	Production in 000s
Maruti Udyog Ltd	572.10	General Motors India Pvt.Ltd	31.00
Toyota Kirloskar Motor Pvt.Ltd	45.00	Ford India Pvt.Ltd	27.00
Honda Sael Cars India Ltd	41.00	Total	58.00
Swaraj Mazda Ltd	12.00	KOREAN OEMS	
Total	670.10	Hyundai Motor India Ltd	260.00
EUROPEAN OEMS		INDIAN OEMS	
Skoda Auto India Pvt.Ltd	9.80	Tata Motors Ltd	450.00
Daimler Chrysler India Pvt.Ltd	1.80	Mahindra & Mahindra Ltd	128.00
Volvo India Pvt.Ltd	1.00	Ashok Leyland Ltd	65.00
Tatra Trucks India Ltd	0.10	Force Motors Ltd	36.00
Fiat India Pvt.Ltd	0.70	Eicher Motors Ltd	24.00
Total	13.40	Hindustan Motors Ltd	15.00
		Total	718.00

Original Equipment Manufacturers of 2-Wheelers in India and production during 2005-06

JAPANESE OEMS	Production in 000s
Hero Honda Motors Ltd	3006
Honda Motorcycles & Scooters	603
Yamaha Motor India Pvt.Ltd	249
Suzuki Motorcycles India Pvt.Ltd	2
Total	3860
INDIAN OEMS	
Bajaj Auto Ltd	2042
TVS Motors Co.Ltd	1367
LML Ltd	107
Kinetic Engineering Ltd	82
Majestic Auto Ltd	57
Kinetic Motor Co.Ltd	54
Royal Enfield	31
Total	3740

Production figures for different kinds of vehicles during the past three years are given below:-

Year	Cars	MUVs	Buses/Trucks	LCVs	2-3 Wheelers
2003-04	843,235	146,325	166,123	108,917	5978964
2004-05	1,027,858	182,018	214,807	138,896	6,904,274
2005-06	1,112,542	196,371	219,297	171,781	8035225

Production, Imports and Exports figures for Auto Components

(Rs. in millions)

Year	Production	Imports	Exports
2004-05	116275	110923	103221
2005-06	127451	117969	133325
2006-07(Upto June 2006)	35869	NA	NA

Buoyed by healthy growth in the automobile sector, the auto components industry registered a growth of 17.5% during the first quarter of 2006-07 (*Source: Industry Review September 2006: Centre for Monitoring Indian Economy; www.acmainfo.com*).

Majority of the Component manufacturers supplying to OEMs are also located in these three places (i.e. Chennai, Gurgaon and Pune). The OEM market is predominantly catered to by component manufacturers in the organized sector. In 2005, the auto component business in India was estimated at approx Rs. 363,000 million. Of this, original equipments (OE) had a share of 80 percent. The replacement market accounted for the remaining 20 percent.

Auto component manufacturers in the organized sector had neglected the aftermarket for a long period due to their focus on mainstream products. This has led to proliferation of the unorganized small-scale component manufacturers.

The unorganized sector predominantly caters to the aftermarket or spare-parts market. They operate independently with little investment and small scales of operations. The primary focus of manufacturers in the unorganized segment is high volumes of low technology components. These manufacturers generally produce components based on copied drawings and the quality of the products is subnormal. These small-scale industries secure direct and indirect tax benefits through favorable government policies. They source a variety of spurious components (rejects or used), which are reconditioned or locally made non-genuine parts.

With vehicle population increasing continuously and the number of old vehicles also growing larger, the spare parts market is expected to grow faster than original component market for the next few years. However this growth is expected to taper off in a few years as the average life span of auto parts is expected to go up with superior technologies and improved quality of components.

Though the auto components market is a combination of the original equipment market (catering to original equipment - OE - manufacturers or vehicle manufacturers) and the aftermarket or spares market, the drivers of growth for these two markets are relatively distinct.

OE market drivers

This market is highly dependent on the demand for automotive vehicles. Factors that drive the vehicle market also have an influence on the component market. Growth in the economic activity, increase in the personal disposable incomes, growth in rural economy, multiple finance options, decline in tax rates etc are the factors which drive the growth of the Indian automotive market.

Aftermarket Drivers

The following factors influence the aftermarket for automotive components in India:

- The old vehicle population (growth rate linked to vehicle sales)
- The life span of components (frequency of component replacement)
- The average value of parts replaced.(generally high for genuine branded parts)
- Share of genuine-branded components in the total aftermarket

Considering the above factors, the growth in old vehicle population and an increase in the customer awareness level in using branded-genuine parts are the main drivers of this market.

As a result of the very good prospects for the organized sector, this sector is also slated to witness a transformation with the foreign partners trying to gain control of the joint ventures that were created prior to the liberalization. Kalyani Brakes Ltd being taken over by Bosch Chassis Systems India Ltd (Germany), Fiat India

Private Ltd taken over by Fiat SPA (Italy) is cases of such developments. The transformations taking place in the organized segment of the Indian auto components industry is presently at the initial stages and direction in which the industry will evolve will depend on the steps that are taken by the management of these companies to take advantage of the opportunities available. In case proactive steps are not taken, then Indian auto-component manufacturers run the risk of being relegated to Tier II/Tier III supplies with Tier I becoming the preserve of the MNCs or their joint ventures.

The table below shows segment-wise distribution of the auto component Industry www.acmainfo.com.

	Organized Component Manufacturers		Unorganized Component Manufacturers	
Year	1999	2006	1999	2006
Share in OE supply market	80%	80%	20%	20%
Share in Aftermarket	40%	35%	60%	65%
Strengths	Higher production capacities Captive OE market Access to technology through tie-ups Quality standards Potential to export Improving quality consciousness of end users		Low capital investment Minimal overheads Taxes and levies exemption (violation) Poor regulation on sale of spurious parts Price sensitivity of market	
Weaknesses	High Investment in plant and machinery Higher overheads Higher rates of taxes and differential regional tax patterns Limited domestic OE volumes		Sub normal quality Obsolete technology Low capital availability Restricted growth potential	

2.3 Export Market

Despite a relatively small share of Asia in the global pie, India is now amongst one of the most preferred destinations and has come to occupy the image of an exporting hub for most of the major global OEM players. Almost all the big auto manufacturers of the world are either already or are in the process of outsourcing from the country.

- Hyundai Motors India – Export base for small cars
- Ford Motors India– exporting CKDs of Ikon to South Africa and other countries
- Skoda India – Hub for exports of cars to neighboring countries
- General Motors – Global Purchasing Team
- Volvo – Global buying team
- Delphi – International purchase office
- Renault – scouting for truck part suppliers

Exports of auto components from India have witnessed a CAGR of 20.3% over the last six years. The value of exports which was US\$ 300 million in 1997 had grown to over US\$ 2000 million in 2006.

Geographical distribution details of auto component exports from India

Continent/Country	Percentage share of Total Exports
Europe	36.00
USA	26.00
Middle East	10.00
Africa	10.00
Asia	16.00
Oceania	1.60
Others	0.40
Total	100.00

There has also been a qualitative shift in the composition of exports from being predominantly for

the aftermarket during the 1990s to the OEM market presently as depicted below:

Market segment	Percentage share in Total Exports	
	1990s	2006
OEM	35	75
Aftermarket	65	25
Total	100	100

Major destinations for exports include the US and Europe where the quality standards are very stringent. Exports to these destinations accounted for 62% of total exports during 2005-06. The increase in exports to advanced countries in above destinations is because of the thrust given by Indian manufacturers to high qualitative standards and multinational companies have recognized cost and technology advantages of sourcing from India. Cost pressures have been forcing global Original Equipment Manufacturers (OEMs) and tier-one suppliers to outsource from low-cost manufacturing destinations. India has an edge as it offers high quality components at low costs. Among car components makers in India, 80 per cent have ISO 9000 certification, 50 per cent have QS 9000 certification and about 10 per cent have ISO 14001 certification. Several export units have reached rejection rates below 5 parts per million (PPM) with many of them touching zero rejections.

In FY 2006 the industry achieved a milestone of crossing US\$ 2 billion worth of exports. This, however, represents only about 1% of global component trade currently estimated at around US \$1.2 trillion. This is reflective of significant opportunities that lie ahead for Indian component manufacturers. The Automotive Component Manufacturers Association believes Indian exports will touch US\$ 5.9 billion level by 2009 and US\$ 40 billion by 2014. This is becoming possible as the industry is emerging from its overwhelming dependence on the Indian vehicle market and is gradually establishing itself in global markets.

Global Trends that will impact the auto component industry in India

The automotive industry is increasingly becoming a global industry with the major car makers in the world introducing car models simultaneously in different countries of the world. As a result the key factors influencing the global car manufacturers have a ripple effect on the domestic automobile industry in different parts of the world as well as the auto ancillary industry which supplies parts to the auto industry.

Internationally consumer preferences are determining the current styles, reliability, and performance standards of vehicles. Government regulations in relation to trade, safety, and environment etc also make it necessary for modernization and changes in designs and production methods. Competitive rivalries and corporate strategies also provide impetus for research, design innovations, and changes in the manufacturing processes. The top automakers in the world are constantly under pressure to identify consumer preferences, national biases, and new market segments where they can sell vehicles and gain market share. Their ability to be flexible enough to quickly respond to all these pressures will determine their future in the industry. The implications of these factors are vast and get propagated along the supply chain of the automakers.

One of the key factors influencing the global car makers is the pattern of demand for new cars. In the developed countries of the world i.e. Western Europe, Japan, and United States (US) original equipment manufacturers (OEMs) have been facing a mature market for the past 10 years, with stagnant demand (as compared to developing countries like India and China), product proliferation, and stiff price competition. The demand for new cars has been growing at less than 1 percent on an average per year during the past 10 years and this trend is expected to continue. This situation is particularly sensitive in the US market, where growth in the number of new cars sold has been virtually zero. The growth rate would have been negative but for the growing market share of the high-margin sports utility vehicles (SUVs).

A flat demand is aggravated by increased competition in the product market. During the past two decades, most OEMs have invested heavily in plants outside their home base to better reach local consumers of their export markets. As a result, market shares of incumbent players have become thinner. In the US, domestic automakers have lost more than 20 percent market share to Japanese and Korean automakers in the past two decades. Europe has experienced a similar trend, although ameliorated by the stricter regulations, on the participation of Japanese OEMs that were in place until recently. Sales growth is now coming from developing regions, with South America, India, China and Eastern Europe leading this growth.

Sales of automotive vehicles outside the developed countries surpassed 14 million vehicles in 1999, representing around 26 percent of total new sales and are projected to go up to 40 percent by 2010. Both maturity in the developed countries and sales growth in developing countries have led to increasing diversity in customer needs. In regions where households have multiple cars, vehicles perform specific roles. Moreover, consumers have developed particular expectations with respect to vehicle features, performance, or safety.

The need to respond to increasing diverse set of customers leads to large proliferation of segments and models. The number of vehicle models offered for sale in the US market alone doubled since 1980 to more than

1,050 different models in 2004. In addition to the different models, there is also a myriad of features that can be added to each of the models, from power steering, to power seats, and cruise control, just to name a few. An increase in the number of models in Western Europe, Japan, and United States (US), where demand is stagnant, and the smaller size of emerging markets resulted in reduction in sales. The average annual sales per vehicle in the US went down from 20,000 in 1980 to less than 15,000 in 2004, a 25 percent decrease (*Source Automotive Supply Chain: Global Trends and Asian Perspectives – research paper by Asian Development Bank*).

Role of Technology

Apart from the demand, the other factor determining the course of the auto industry is technology. Historically, the most important driving forces behind technological improvements in the auto industry have been consumer demands for better vehicle performance and reliability. In recent years, technological improvements have also been aimed at areas such as safety, reduced environmental impact, and additional consumer features unrelated to the operation of the vehicle, such as stereo systems and navigational aids. Some OEMs use early introduction of technological innovations as a strategy for increased market penetration of particular models. Nevertheless, recent history has demonstrated that, sooner or later, all automakers incorporate new technological features in their vehicles to remain competitive. The relationship between market and technology also works conversely, with the emergence of new technologies affecting the evolution of the car.

New technologies are evolving at all levels of car manufacture. Demand for improved vehicle performance, improved vehicle safety and crash worthiness and reduced environmental impact have led to numerous developments in structural areas. The full frame designs originally used in vehicle body architecture were almost completely replaced with unibody construction by the 1980s. More recently, spaceframe-based designs and modular composite designs have also emerged.

At the same time, cars have become more reliant on electronics and less reliant on mechanics. A myriad of electrical systems, electronic sensors, and actuators have “taken over” control and monitoring of car performance. Electronics is used to trouble-shoot and perform diagnostics, operate navigational systems, and provide entertainment units. A vehicle today has approximately double the electronic functions of one manufactured just 10 years ago. Additionally, they contribute to overall vehicle cost by as much as 35 percent in high-end cars. Electronics have also been instrumental in shaping the evolution of the engine and powertrain, playing a crucial role in controlling today’s performance of these systems.

Despite increases in diversity of models and advances in technology, the industry focus on lowering costs has never been as acute as today. In any country, costs associated with buying and operating personal vehicles represent a substantial portion of the average household expenditure. In countries like England, it is the top item of expenditure. Therefore, increasing auto sales requires meeting all the challenges of segmentation and introduction of technology, while keeping costs down. The consumer cost pressure is exacerbated by stiff competition among OEMs across the globe.

The above mentioned trends are determining most of the evolution of the automotive industry. They generate a set of drivers to which all automakers have to be able to respond to remain competitive. Moreover, they are also conditioning the supply chain that is an integral part of the industry, reshaping it in fundamental ways. To respond to new market trends and demands, automakers are pursuing a set of strategies that are common among major firms.

Strategies of Global Auto-Majors impacting component manufactures

The first strategy that has been adopted by the leading auto manufacturers is to adopt a global perspective in their operations. Until the end of the 1980s, despite some overseas presence, competition among OEMs would still be mostly within regional brands. American automakers dominated the US market, Japanese the Asian market, and European automakers their regional market. During the 1990s, this picture changed completely. A growth of transplants in the beginning of the decade led to a presence of all competitors in virtually every corner of the globe. This has become particularly important in emerging markets, where all OEMs are fiercely competing for market shares as the market grows. As a result, automakers are now planning operations on a global scale, with models being launched at the same time in different locations with similar standards. With new investments, firms are also trying to replicate supply chain structures, demanding suppliers to be present in the new regions where they are located, often near their plants.

The second important strategy automakers have been pursuing is a reorganization of their vehicle portfolio around product platforms and car modules and systems. Declining sales per vehicle and short product life cycles were preventing automakers and suppliers from reaching economies of scale in design and manufacturing, with a substantial adverse impact on cost. Moreover, new models had to be available all over the world while responding to increasing regulatory and consumer requirements. By focusing on common platforms and interchangeable modules, OEMs are able to make faster and lower cost deployment of new solutions across the

whole product range, while tailoring vehicles to a multitude of tastes and preferences of consumers in the world. Moreover, they can assure enough differentiation between products to cope with proliferation while maintaining scale efficiency and a proper management of brand equity.

While most OEMs are designing vehicles with a common underbody platform, adapting body, trim, and ride to particular market conditions. Fiat has initiated a “world car” concept in its Fiat 178 project which involved the deployment of five models stemming from the 178 platform, with absolute cross-country identity in the car, as well as the same manufacturing performance requirements in all the plants. Moreover, the supply chain was designed to be global, with cross sourcing of parts from across all the 10 regions involved in manufacturing and assembly. This need to focus assembly around global platforms that share individual components, modules, or systems has become dramatic. Some of the players with less models and production volume in certain segments have found out that they could not compete. As a result, losses mounted and a wave of consolidation followed.

The perspective of future platform sharing was clearly acknowledged in deals such as Nissan-Renault and GM-Mitsubishi. The Daimler acquisition of Chrysler was not an explicit need for platform sharing, but has been regarded as an opportunity to spread Mercedes investments in high technology across a broader range of vehicles. This wave of consolidation is expected to continue. It is estimated that within the next five years, less than 10 independent automakers may survive. The OEM strategy to share platforms and modules across products has also been driving a smaller level of real physical differentiation between cars in virtually all market segments. But other aspects are equally relevant to this homogenization of car characteristics.

The fast pace of technical change and the vigorous competition in the industry leads automakers to rapidly adopt new technical solutions that can improve car performance, comfort, or safety throughout their fleets. For example, safety devices such as Anti-skid Braking System (ABS) and Airbags were exclusive characteristics of the top models or brands in the mid-1980s, when they were first adopted. Today, they are standard in almost all vehicles sold, from small economy cars to luxury sedans in the developed countries, and they are manufactured by the same firms. Likewise, features such as power windows or power locks, or even cruise control that existed in a tenth of the vehicles produced in the early 1970s are now a standard feature in about 80 percent of the vehicles sold. Decreased differentiation in physical characteristics and manufacturing techniques brought more intangible aspects such as brand equity and overall customer experience to the forefront of the business. Nevertheless, with the entrance of brands such as Lexus and Acura in the US market, success in the industry required a careful management of the brand, and a close interaction with clients to understand and respond to their needs and expectations. Good assistance on sale, post-sale service, and maintenance became fundamental part of the brand experience.

As a result of this increasing importance of design, brand management and customer relationship, auto manufacturers have clearly adopted a strategic direction towards capturing more of the section of the value chain that links them to the final customer, including dealerships and services. While the overall revenues of distribution and after-sales service are already larger than the assembly business, they are bound to become even more important in the future. The car is evolving from being a product to being more of a service and OEMs want to be in this thriving business. To be able to focus more on car-related services and to cope with the huge costs associated with an ever growing number of new modules and systems, OEMs are becoming less involved in manufacturing and assembly, passing the responsibility of developing, manufacturing, and assembling important sections of the car on to their vendors. They also wish to reduce asset intensity of their operations to boost shareholder return on assets, while improving responsiveness and quality. **The increase in vendor responsibilities is reaching impressive levels, vendors being treated as partners in the business.**

Auto manufacturers acknowledge that the critical issue in subcontracting is research and development cost. Manufacturing cost of modules and systems is often as costly in suppliers as car manufacturers. Therefore, cost-wise, outsourcing becomes worth doing only if the supplier does all the engineering work. This is particularly relevant for complex systems or modules such as ABS, where it is assumed that the supplier is able to spread its development cost across several clients i.e. auto manufacturers. Given the importance of the systems being subcontracted by the auto manufacturers, there is a clear strategic goal of these firms toward working with a smaller number of large suppliers. Despite being an overall strategy, assemblers are following it to different extents. Companies like Renault and Volkswagen have a more conservative policy strategy toward supplier reduction, while Ford is being more aggressive.

Major criteria for choice of supplier to be a strategic partner include:

- High quality standards at competitive costs
- Mass Production Capabilities
- R&D capacity – Ability for rapid customization
- Closeness to development center
- For parts with substantial logistics costs, location is also an important issue

Increasing shift in responsibilities to the suppliers is not happening only in development and manufacturing.

OEMs are also attempting innovative approaches in terms of assembly, with Brazil as the test bed of some of the most daring approaches. In both Volkswagen *Consortio Modular* and General Motors *Blue Macaw* projects in Brazil, suppliers assemble a number of modules in final assembly plant and attach them directly to the vehicle themselves. The benefits that have accrued to auto manufacturers as a result of these innovative approaches are reduced asset intensity, reduced supply chain management costs, as well as improved quality and productivity.

However more responsibility has often come with strings attached. In the first place, auto majors require suppliers of modules to have quality performance above their own, and with continuous improvement. This has meant that component suppliers need to improve rejection levels, reduce scrap, and increase rework. Secondly, all auto majors are including price reduction objectives in the contract. The key features of this concern are: Contract length and overall value are related to price reduction targets that the supplier is able to commit to. For some of the auto majors, suppliers can also propose alternative designs that have the same economy results. Magnitude of reduction per year varies from 2 to 5 percent.

The Impact of shift in strategy on auto component suppliers

This shift in strategy in auto manufacturing by leading auto majors of the world in response to consumer preferences is impacting the auto component industry and as a result the auto component industry is in a state of transition. The Indian auto component industry can take advantage of the transition that is taking place internationally and dominate the global supply chain in auto components as India has reasonably priced skilled workforce, large population of technology workers and has established strengths in IT and electronics. To understand how Indian auto component manufacturers can dominate the auto component supply chain it becomes necessary to understand the transformation that is taking place in the auto component industry.

Transformation of the global auto component industry

The growing importance of suppliers in the automotive industry is affecting their structure. Traditionally, the industry supply chain was organized in tiers. OEMs would design and assemble the car. First tiers would manufacture and supply components directly to the automaker (e.g., the fuel pump). Second tiers would produce some of the simpler individual parts that would be included in a component manufactured by a first tier (e.g., the housing of the fuel pump), and third and fourth tiers would mostly supply raw materials. This simple configuration no longer fits the actual structure of the industry.

The new direct suppliers are becoming large global firms, who are either specialized in complex systems, or integrators of several simpler subsystems. They are expected to have a substantial responsibility in the design and engineering of these systems and to coordinate the supply chain necessary for their manufacturing and assembly.

With advancements in technology, the industry seems to be continuously evolving itself into different tiers such as:

(i) *Systems Integrators*: Suppliers capable of designing and integrating components, subassemblies, and systems into modules that are shipped or placed directly by the supplier in the automakers' assembly plants. In order to understand this development in terms of the old paradigm such supplier could be categorized as the tier 0.5 suppliers.

(ii) *Global Standardizers – Systems Manufacturers*: Suppliers that have the capability to set the standard on a global basis for a component or system. These firms are capable of design, development and manufacturing of complex systems ("black-box" design). Systems manufacturers may supply motor vehicle manufacturers directly or indirectly through Systems Integrators.

(iii) *Component Specialist*: A company that designs and manufactures a specific component or subsystem for a given car or platform. These can include "process" specialists, such as a metal stamper, die caster, injection molder, or forging shop that builds parts to print. They might also have additional capabilities such as machining and assembly, supplying components such as a steering column or the pedal system. These firms will increasingly work as suppliers to system integrators and standardizers.

(iv) *Raw Material Suppliers*: A company that supplies raw materials to the OEMs or their suppliers. This includes products ranging from steel coils or blanks, to aluminum ingots or polymer pellets. The presence and competitive structure of the specific market varies, with steel and polymers mostly a regional business, and aluminum or magnesium a global market. Some of the raw material suppliers are also moving into component specialists to add value to their products.

This transformation in the industry means an important restructuring, with firms actively engaged at some of the levels identified above, and others leaving the industry. Since the international auto component suppliers to the auto majors are also in a transition and are yet to evolve to meet the requirements of the auto majors, Indian

companies can match or overtake the traditional international auto component suppliers provided the Indian companies identify a clear positioning strategy and take consistent set of actions along the critical development and manufacturing dimensions.

Role of technology in reshaping the industry

The developments that are taking place in the auto industry described above have been possible due to the advances in technology. New technology such as the development of computers and the Internet has led to changes in the product development process of the auto industry. Product development is very critical to the success in manufacturing a new car. The extent to which a design is economical, functional, and easy to manufacture will have a big impact on the new car's revenues and costs i.e. both production costs and warranty costs. The automotive design process is particularly difficult because of the product's unique combination of high volume and technical complexity. High volume (about 15 million cars are sold in the US annually) makes it economical to automate large parts of the production process, yielding a payoff to a design which facilitates automation.

Cars are technically complex in that a) a fairly deep level of engineering expertise is required to produce a design that is functional and b) a large number of parts must fit together in a precise way; i.e., the product architecture is integral rather than modular therefore the interaction of a large number of people is necessary to come up with a successful product. The product development process starts with initial concept generation (renderings) and continues on through to design, analysis, prototyping, tool design and development.

Until the late 1980's a significant part of the product development process was paper-based and done by functional departments. In the initial stage ("concept generation") stylists drew sketches on paper, which were then transformed into clay models by hand. Once the styling was approved, the clay model was 'digitized'. In this process, an engineer created a 3-dimensional cloud of points using physical data to create a document that could be visualized using CAD software. This output was transferred to the engineering team, where a team of draftsmen working with design and release engineers would engineer the part. In this step, engineers used tools such as finite element analysis to ensure that the part performed its functions (that is, could withstand the stresses of weight and temperature it would likely encounter in use), and that it fits in with other nearby parts. Then the part was 'released' to be manufactured.

Today most functions in the styling, design and engineering departments are done utilizing computers and math based engineering. In the US and to a certain extent in Europe the concept generation or styling is done by a fraternity of 'studio people' who work for a few large firms that are capable of automotive design practice. Traditionally they started working as interns or assistants in design departments and, through experience, find themselves well versed with a certain part of the car (e.g. interior trim, engine, chassis, exterior components and body-in-white). The styling of the car's exterior is regarded as highly confidential. Stylists are generally located at the automakers' site, and are almost always employees of the automaker. Once styling is approved by the automotive manufacturer the design is 'frozen' and released to either internal engineering design departments or a host of suppliers that need to interact with that area of the product. Each of these suppliers in turn may proceed to do design work in-house or contract it out to pre-qualified suppliers. (Since most suppliers produce only a small part of the car, the exterior styling cannot be guessed from the designs of the components, so part design (except for exterior body panels) is regarded as less confidential. Once the component or sub-assembly is validated it is 'released' for tooling.

Various tools and processes, such as finite-element-analysis, computer-aided-engineering, and product data management practices, are utilized to validate the components for form, fit, and function (that is, each component is checked to make sure it fits with other parts, that it can withstand the stresses of weight and temperature to which it will be subjected, and that it performs its function well). Validation is a critical task requiring great skill, but the tools used are freely available and almost a commodity (black box solutions). However, knowledge gained from experience is extremely valuable and can be a source of competitive advantage. In US companies, engineers (typically with a 4-year college degree) are responsible for validating the design. These engineers supervise designers (with a 2-year degree), who actually draw the design using a computer and CAD (computer-aided design) software, much as draftsmen once did with a pencil on vellum. As a result of certain technological advances it is now possible to outsource a significant part of the product development process,

Advances in information technology:

In contrast to the scenario which existed twenty years ago, virtually all phases of product development "from art to part" is now done digitally, utilizing math-based data. Innovations in database technology, telecommunications, and software that allow concurrent engineering have now made geography less of a barrier and the difference in time zones can be an advantage, allowing work to proceed around the clock, reducing lead time.

Outsourcing of design to suppliers:

Another change in the US auto industry as compared to the past is that suppliers are now heavily involved in product design. Automotive manufacturers are now outsourcing entire systems and subsystems (like doors, Heating, Ventilation and Cooling systems etc.) to large suppliers (Tier-Is) who in turn are outsourcing subsystems to a network of smaller engineering firms (Tier-IIs). This is enabling manufacturers to incur less cost for engineering and design while still retaining control over the products and their suppliers. It is common for a firm to be providing similar design or engineering services to competing firms. It is expected that all parties adhere to confidentiality and secrecy agreements. But this brings an interesting dilemma: depending on where the supplier is in the value chain (importance) or the size of the supplier in the industry structure it becomes difficult to trust each player in the value chain with styling and design related information. It is important to note that the same properties that break down traditional communication barriers and allow for high-tech collaboration also increase the possibility of opportunism. This is because data is a lot more vulnerable; in the past to copy a design for a car it would have taken an army of draftsmen to copy drawings and then convert them into three dimensional models. Today computer-aided-design (CAD) data for an entire car program can be stored on an optical floppy and transmitted over fast telecommunication lines. However, US OEMs seem willing to put up with this risk, if it cuts costs in the short run. Outsourcing by itself does not lead to off shoring, or even necessarily to a less-tightly coupled product development process. But in the US context, outsourcing was both cause and consequence of increased price pressure. Price pressure led suppliers to be more willing to undertake the risks of off shoring.

Development of standards:

Engineering standards have also played a very important role in allowing collaborative engineering with low cost countries. This is because although millions of parts, sub-assemblies and tools are required to build automotive systems; engineers throughout the world understand engineering specifications in similar ways. As long as the metallurgical properties are met and dimensional stability ensured, the part will fit and function like any other. However, the standards do not assure perfect compatibility of parts designed around the world. First, some knowledge remains tacit, and second, design of one part is highly interdependent with design of the parts nearby. In recent years, the quality of engineering training available in India and some of the developing countries has approached that of the developed world. In addition to this, engineers in India are fluent in English which positions India to take advantage of the opportunities arising as a result of the transformation. Well-trained engineers with both technical and language skills are available in India for about one-fourth the cost of a US engineer (US\$20,000 vs. US\$ 80,000).

Indian Advantage in Design & Development

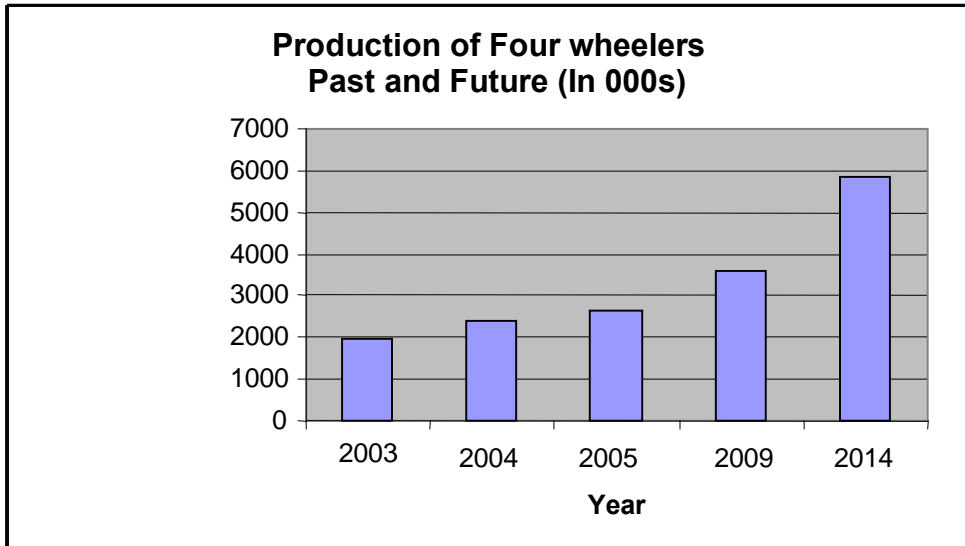
In the new paradigm, the design and development capability is a critical success factor as more and more components are expected to be outsourced. However for the outsourcing strategy to succeed, the component supplier needs to have design and development capability to evaluate how the parts being manufactured by him fit together with the other parts of the automobile. As a result of the large base of engineering talent, India has started becoming a preferred destination for outsourcing even in design and development.

India has emerged as an offshore hub for software services outsourcing. However, design and development and supply of auto components provides a far greater opportunity than the software industry as the automobile industry is one of the largest industries in the world. Leading auto majors such as General Motors, Ford etc have started outsourcing designing work to start-ups such as Virtual E3D and eCAD in India. The worldwide market for design services is pegged at US\$ 11 billion and presently India's share is a mere 1 percent. Almost all major auto companies in the country like Maruti, Escorts, Swaraj, Bajaj Auto, Eicher and LML, auto components companies like Sona Steering and Hi-Tech gears, are using 3D software engineering design tools to create designs for tier-1 suppliers and OEMs to customers internationally. Indian design offshoots are already doing quite a bit of work for companies in UK and US. India offers more than 20 percent cost reduction to any client, and therefore clients like Ford and General Motors are tempted to outsource. A typical CAD project in the US will cost about 60 dollars per man-hour, while in India it can be done at less than 35 dollars. The road ahead for this segment is definitely bright as automobile majors begin to outsource design services to third party vendors. India has a long history in the manufacturing industry, with a strong domestic market. It is known for its expertise in IT and many USA-based MNCs have set up their development centres in India. Outsourcing of engineering design services is a big opportunity for India.

Future Prospects

Domestic Market – Growth opportunities in terms of volume

The domestic market for four wheelers is projected to grow at a compounded annual growth rate of 9% during the next few years. This will provide reasonably good growth opportunities in terms of volume to component manufacturers such as our company with facilities having latest technologies and mass manufacturing facilities.



(Source: Automotive Components Manufacturers Association - www.acmainfo.com)

Domestic market – Growth Opportunities in terms of product value

Major automobile manufacturers across the world are adopting a policy of disaggregation of manufacturing activities within and are outsourcing more and more of the manufacturing requirements to vendors. This strategic shift would help in curtailing labour and inventory and vendor management for automobile manufacturers and at the same time provide opportunities for components manufacturers to switch to more and more value added products.

The momentum of growth already achieved by the company is expected to be maintained by the company in the foreseeable future. The management has reason to be optimistic about the future prospects of the company in view of the following contributing factors:

During last three years there is revival in the auto industry and especially since last year this industry has seen boom times. Considering this scenario the auto parts manufacturers like AIL are growing very fast and also having good prospects in the coming years.

Considering all the above factors, the company is expecting robust all round growth in its performance in the coming years.

Growth Opportunities – Exports Market

India has an enormous cost advantage in manufacturing, R&D, skilled labour and software. Global auto makers, therefore, view India as a major hub for outsourcing their requirements as well as a market with tremendous potential. These factors have resulted in India turning out to be a major outsourcing hub for auto components. India is competitive in metal parts, electricals, forgings, castings, plastics, transmission and distribution systems, engine parts and tyres. Still the domestic industry which exported auto components of the value of US\$ above 2 billion during 2006 had a share of only about 1% in the global auto components industry.

Apart from Indian Auto Industries like, Tata Motors, Maruti Udyog, Ashok Leyland, Hindustan Motors, Bajaj Auto, Bajaj Tempo, Mahindra & Mahindra, Kinetic Engineering there are some MNCs like Hyundai, General Motors, Mitsubishi, Ford, Honda, Toyota, Fiat, Piaggio, Volvo and even Mercedes Benz who are all doing well in the Indian market. In fact Tata Motors have started export of their passenger cars and commercial vehicles to various countries. Hyundai has made their Indian plant as hub for supplies to Asian and European markets. Maruti Udyog has started export to various countries. Europe and USA are leading markets for India's auto component exports. Visteon Automotive systems India, MICO, Bharat Forge, Sundaram Fasteners, and Brakes India are the leading exporters of auto components from India. Thus the auto companies are not only tapping the Indian market with various variants but also have become aggressive in the foreign markets. The lower

cost of manufacturing at Indian plants, is giving the necessary edge over other countries. After opening up of the Indian economy, the Automobile sector is one of the sectors who are benefited most. Further due to cost effective operations many major global players in the Auto sector are looking towards India as supply source for the Industry. The nature of the customer base for the overseas market has also been undergoing major changes. Indian companies are graduating into becoming principal suppliers to Original Equipment Manufacturers with around 75% of all exports being made to them. This has led to higher volumes of business, long term global relationships, and sustained orders from foreign countries.

The export market for Indian auto components is expected to grow at a compounded annual growth rate of 17% to US\$ 5.9 billion by 2009 and to US\$ 40 billion by the year 2014. The export market therefore presents very good potential for auto components manufacturers in the years to come. **(Source: Automotive Components Manufacturers Association - www.acmainfo.com)**

Growth opportunities in the field of Design Engineering Services

Desegregation of manufacturing and allied activities by OEMs globally will provide tremendous opportunities for component manufacturers with in-house capabilities to (a) provide design engineering and customization of critical vehicle components to suit different market segments; and (b) rapid prototyping of the components.

Conclusion

According to Automotive Components Manufacturers Association the following are among the growing capabilities of Indian Component Suppliers

1. Proficiency in Understanding Technical Drawings and well conversant in all Global Automotive Standards: American, Japanese, Korean, European Standards etc.
2. Appropriate Automation leading to economic production costs
3. Flexibility in small-batch production
4. Growing IT Capability for Design, Development & Simulation

India is projected to be the next Big Automotive R&D Base on account of the following

1. Global MNCs shifting Automotive Design Centers into India.
2. An excellent base for Prototyping, Testing, Validating and productionizing of Auto-Components.
3. World renowned IT Skills with excellent Automotive Domain Knowledge

(Source: Automotive Components Manufacturers Association - www.acmainfo.com)

The size of the global auto component industry is \$1.2 trillion with most of it located in high cost countries. Outsourcing of automobile components that have relatively high engineering and design content from suppliers in low cost countries like India, is rapidly gaining momentum. It is estimated that in the next 10 years the auto components industry will reach US\$ 33-40 billion.

The Indian automotive component industry is witnessing the impact of globalization. The Indian component industry has taken significant steps towards the achievement of world-class quality by adopting ISO9000/QS9000/TS 16949 Quality Systems. India now ranks amongst the most preferred destinations for most of the major global OEM players which will provide excellent growth opportunities for auto component manufacturers in India.

Business Overview

We are one of the auto-component manufacturers located in Pune catering to the components and sub-assemblies requirements of leading automobile manufacturers. Three of our promoters Mr. Shivaji Akhade, Mr. Sudhir Mungase, and Mrs. Rema Radhakrishnan promoted a partnership firm in the name of Autoline Pressings in 1995 along with one Mr. L.P. Chauhan. We started contract manufacturing of sheet metal components in January 1995 from a 3000 sq.ft. rented premises at Survey No.825 Kudalwadi, near MIDC, Chinchwad Area, Pune. Subsequently, a Company in the name and style of Autoline Stampings Private Limited was incorporated on December 16, 1996 which took over the partnership business. Autoline Stampings Pvt.Ltd was converted into a public limited company and renamed Autoline Industries Limited w.e.f. January 13, 2006.

Our original partnership firm Autoline Pressings commenced business with a capital of Rs. 0.30 million, term loan of Rs. 0.15 million and Cash Credit limit of Rs. 0.05 million from State Bank of India. From these humble beginnings, we have grown into a medium sized engineering and auto ancillary Company, manufacturing sheet metal components, sub-assemblies and assemblies for large OEMs in the Automobile Industry.

Though we commenced our business by contract manufacturing of sheet metal components, the range of products presently cover sub-assemblies, formed tubular products such as silencers and exhaust systems, brake shoes, load bodies for light and heavy commercial vehicles etc. Our turnover has increased from Rs. 1.1 million in 1995-96 to over Rs. 1250 million during 2005-06. We have been consistently making profits. For the year 2004-05 we made profit of Rs. 18.20 million which has increased to Rs.70.1 million for the year 2005-06. For details of our financial performance please refer to the Financial Statements on page 125 of this Red Herring Prospectus.

The Company has direct vendor codes for supply of sheet metal components & assemblies to Bajaj Auto Ltd., Tata Motors Ltd., Kinetic Engineering Ltd., Mahindra & Mahindra Ltd., Walker Exhaust (India) Pvt Ltd., & Fiat India Pvt.Ltd.

List of Major Customers

·	Tata Motors Ltd.
·	Bajaj Auto Ltd.
·	Kinetic Engineering Ltd.
·	Mahindra & Mahindra Ltd.
·	Walker Exhaust (India) Pvt. Ltd.
·	Fiat, India.
	Stokota Engineering (India) Pvt.Ltd

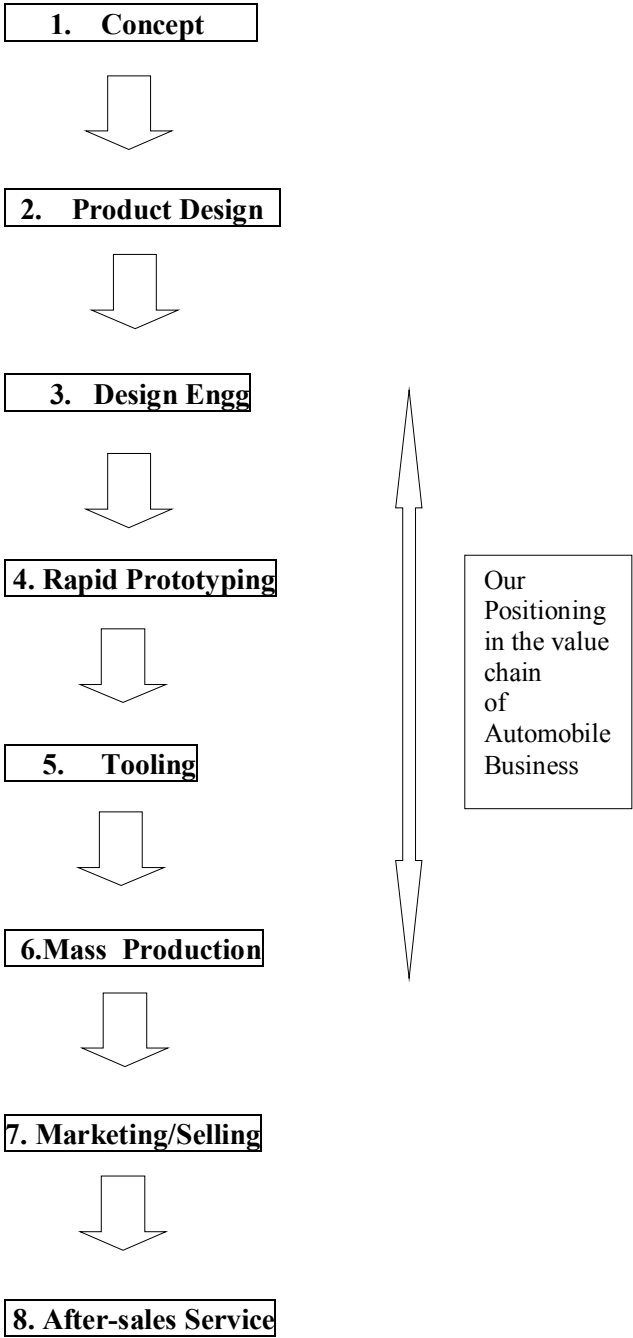
Building up capabilities

The automotive industry has been witnessing certain important structural changes over the past few years. From integrated organizational concept which included integrated manufacturing and marketing activities carried from within the organization itself, automobile manufacturers are moving in the reverse direction of disaggregation. More and more activities carried on hitherto fore from within are being given out to vendors by the OEMs. This transformation is taking place globally and major OEMs are looking for outsourcing of activities such as design engineering, prototyping, tooling, and mass manufacturing of complex assemblies. We recognized that component manufacturers with design engineering, rapid prototyping and mass manufacturing capabilities will have substantial edge over simple manufacturing activities. We, therefore, have been endeavoring to strengthen our computer aided design engineering and as a part of that endeavor, in March 2006, we acquired a soft-ware company with design engineering capabilities.

Further, during August 2006, we have entered into a Memorandum of Understanding on 28th August 2006 with Detroit Engineered Products Inc. a company based in Detroit, USA and engaged in high-end design engineering services and providing services to almost all the leading automobile manufacturing companies of the world such as General Motors, Ford Motors, Daimler Chrysler, Toyota, Honda, Hyundai etc.

Where are we placed in the automobile business value chain?

We may be said to be positioned in the 3rd to the 6th stages of the following value chain of automobile business:



Our components manufacturing operations

An automobile consists of more than 20,000 components, with each performing a different function. The automotive industry manufactures components that fall under six broad product categories according to Automotive Components Manufacturers Association (ACMA) Classification.

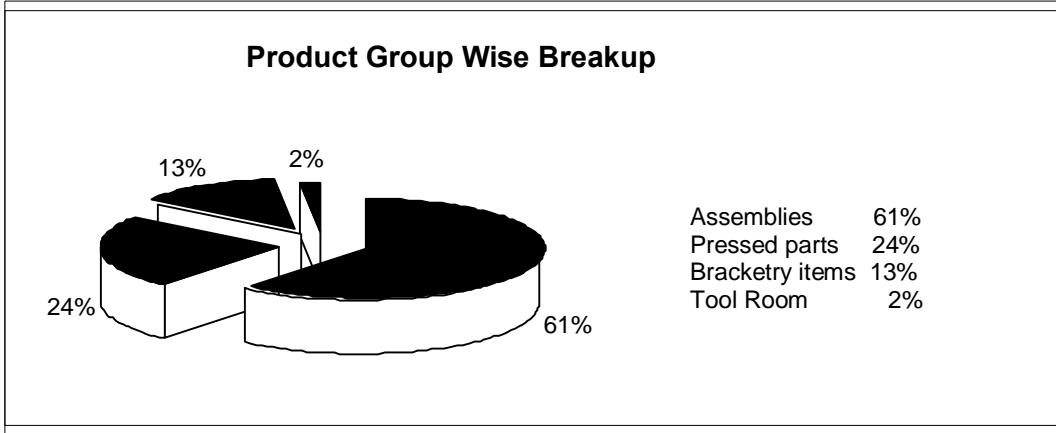
Classification

The Automotive Component Manufacturers Association classifies the auto component ancillary industry into the following product segments:

- Engine & Engine parts: pistons, piston rings, piston pins, gaskets, carburetors, fuel injection pumps etc.
- Drive transmission and steering parts: Transmission gears, steering gears, crown wheels and pinions, axles, wheels etc.

- Suspension and braking parts: Leaf springs, shock absorbers, brake assemblies etc
- Electricals: Spark plugs, starter motors, generators, distributors, voltage regulators, flywheel magnetos, ignition coils
- Equipment: Dashboard instruments, headlights, horns, wipers etc
- Other parts – Fan belts, sheet metal parts, plastic mouldings, etc

We are one of the major suppliers of sheet metal components, sub assemblies and assemblies. The Company also manufactures “A” class sheet metal dies. The Company is supplying more than 130 components to Tata Motor's prestigious INDICA Car Project and its mid-sized sedan INDIGO & MARINA mostly as single source supplier, and about 400 components to its Auto Division for LCVs, MCVs and HCVs, besides components for SUVs like Safari, Sumo and their variants. The Company also supplies various components numbering more than 100 to Bajaj Auto Limited & Kinetic Engineering Limited for 2 wheelers & 3 wheelers. Supplies of critical and prestigious components are made regularly to Walker Exhaust (India) Pvt Ltd, a wholly owned subsidiary of a Fortune 500 company. Besides, supplies are made to Mahindra & Mahindra Limited, Zaheerabad and Fiat, Mumbai, for their prestigious Palio Project.



The Company is one of the prime vendors in sheet metal category to various Automobile Companies like, Tata Motors Ltd., Bajaj Auto Ltd, Mahindra & Mahindra Ltd., Fiat (India) Pvt. Ltd., Walker Exhaust (India) Pvt Ltd (a Subsidiary of Tenneco Automotives, a fortune 500 U.S. company), etc. We are also exporting auto parts i.e. Brake Shoes for after-market spares for Mercedes Benz Trailers to Saudi Arabia, Dubai etc.

Due to excellent quality in work, cost competitiveness, timely deliveries and State of the Art Tool Room with latest CAD / CAM facilities we have, in a short span, become vendors to all the reputed Auto Manufacturers in and around Pune.

Our current manufacturing operations can be categorized into the following major product segments:

Component	Used by
Frame parts Diaphragm Assembly Aesthetic Parts Swing Arm Petrol Tank Chain Cover Scooter Wheel Rim Silencer Guard Steering Tube Assembly Front Fork Assembly Bonnet Reinforcement Assembly Center Stand Assembly Side Stand Assembly Foot Stand Assembly	Two wheeler manufacturers (OEMs)

Engine Bracketary Parts Door assemblies Engine Hood Frame Parts Aesthetic Parts Front Grill Side Panel Assembly Cross Member Load Body Tippers Driver Cabin (Rear Wall) Silencers Exhaust Systems Tubular Cross Members Mudguard Assembly	Commercial Vehicle Manufacturers(OEMs)
Frame Parts Rear Cover Assembly Upper Plate	Three Wheeler Manufacturers (OEMs)
Side Panel Assembly Front Grill Assembly Instrument Panel Assembly Scuttle Assembly Front Panel Assembly Firewall Assembly	Commercial Vehicle – Tractor Manufacturers
Pillar Top Suspension Tower Cross Member Tail Gate Assembly Hand Brake Mounting Assembly Engine Cross Member Alternator Bracket Assembly Push Rod Chamber Cover Front Floor Assembly Heat Shield Hinge Assemblies	Passenger car manufacturers
Front Panel Assembly FIP Bracket Assembly Tailgate Assembly Tailgate Panel Assembly Rear Wheel Assembly Axle Brake Assembly Mudguard Front Assembly	Assemblies for OEMs – Two wheelers, three wheelers, commercial vehicles, passenger cars.

Assemblies manufactured by us comprise of multiple parts ranging from two parts to 114 parts.

Venturing into manufacturing of load bodies, tippers, tipper trailers, cement bulkers

During 2005-06 we won Tata Motors Limited bid for supply of load bodies for their new mini-truck Tata Ace against stiff competition. We are single source suppliers of load bodies for Tata 1-Ton Truck “Ace”. We had started with 20 load bodies per day in April 2005 which has crossed 300 load bodies presently. We are required to supply minimum 400 load bodies per day from November 01, 2006.

We have been able to demonstrate our ability to customize and produce heavy load bodies such as Tippers, Tipper Trailers, Cement Bulkurs, Garbage Extractors etc for Stokota India – a joint venture of Stokota, Belgium which is one of the largest European manufacturers of heavy vehicle load bodies such as tippers, trailers, cement compactors, tankers, garbage extractors etc.. We have entered into an arrangement for supply of these to Stokota India and have commenced supply from April 2006 and have supplied 70 tippers so far by utilizing part of our facilities at our Chakan Unit-I. We are in the process of building up manufacturing facility to produce 250 nos

of these load bodies per month at our Chakan Unit-II and expect to supply 100 nos per month from November 2006. The arrangement includes necessary technical support from Stokota India for manufacturing processes.



Quality Control & Certifications

All the company’s Manufacturing facilities are certified for ISO/TS 16949: 2002, the highest certification available for Auto Component Manufacturing.

Collaborations, Performance Guarantees, Assistance in Marketting by Collaborators if any

We have not entered into any collaboration agreements, nor is there any performance guarantee or assistance in marketing our products from the collaborators. Bulk of our products are tailor made to suit the requirements of original equipment manufacturers such as Tata Motors Ltd, Bajaj Auto Ltd etc.

Manufacturing facilities

Our manufacturing operations are carried on from our facilities at the following locations.

1. Kudalwadi/Jadhavwadi - Units :

These Units at Survey No.825,Kudalwadi; Chikhali, Pune 412114 are located near to Telco and Bajaj Auto Ltd in Chinchwad/Pimpri area. The production facilities here are housed in 12,000 sq.ft. of built-up area, including 2,000 sq.ft. office area with conference room and Training facilities

These units are predominantly single components such as door hinges various types of brackets mainly for cars and is mostly supplied to Tata Motors.

These units combined contribute approx 10% of our present turnover.

Plant & Machinery

Sr. No	Type of Presses	Specifications	Nos
1.	300 'T' Mech. Press (Pillar)	Bed Size 1500 * 1500 mm	01
2.	250 Ton Mech. Press (Pillar)	Bed Size 1000 * 950 mm	01
3.	200 Ton Mech. Press (Pillar)	Bed Size 1000 * 1000 mm	01
4.	150 Ton Mech. Press (C Frame)	Bed Size 1200 * 800 mm	02
5.	150 Ton Mech. Press (Pillar)	Bed Size 850/800 mm	02
6.	100 Ton Mech (C Frame)	Bed 850 * 800 mm	01
7.	50 Ton Mech	Bed Size 750 * 510 mm	02
8.	40 Ton Mech. 'C' Frame	Bed Size 570 * 410 mm	01

WELD SHOP

Sr. No	Types of Equipment	Make / Model	Specifications	Nos
1.	Co2 Welding M/c	Mogra	220	02
2.	Co2 Welding M/c	Sai arc	300	02
3.	Projection Welding	Harsha Engg Works	8 KVA	01
4.	Spot Welding	Sai Arc	30 KV	01
5.	Spot Welding	Sai Arc	20 KV	03
6.	Spot Welding	Rolex	15 KV	01

Utilities

Power: We have a requirement of 95 KVA and have sanctioned HT load of 105 KVA. We also have a standby power back up 50 KVA Generator.

Water: Water required for drinking and wash rooms is met from the municipal water supply.

This is our first and the smallest manufacturing unit. We have a light press shop installed here along with a machine shop and an assembly shop. All the assemblies which require machined and welded components are manufactured here. We have also installed Special Purpose machines which are required for some very critical components with high volumes. This unit also caters to the requirements for the supply of small components which go into the higher assemblies in our other units.

2. Unit-I at Survey Nos. 287, 291,295 and 298, Chakan, Taluk: Khed, Pune

Our Unit-I at Chakan is manufacturing load bodies and rear wall of driver’s cabin for Tata Ace Mini-Truck, Front Floor Assemblies, Suspension Tower, heat shields etc for passenger cars, mudguards for SUVs (e.g. Tata Sumo), and head-light assemblies for HCVs. Approx 65% of present turnover is contributed by this unit.

Plant & Machinery

Sr. No	Specifications	Press Type	Make / Model	Bed Size	Remarks
1.	500T	Mechanical Press	HMT	3200 * 1800	----
2.	600T	Hydraulic Press	Electropneumatic	2800*1500	Double Action
3.	500T	Hydraulic Press	Electropneumatic	2000*1500	Triple Action
4.	500T	Mechanical Press	Burman	2500*1500	----
5.	400T	Mechanical Press	Ameteep	2000*1500	----
6.	400T	Mechanical Press	Burman	2000*1500	----
7.	400T	Mechanical Press	Ratan	2000*1500	----
8.	350T	Mechanical Press	Ravi	2000*1500	

WELD SHOP

Sr. No	Facility Discription	Specifications	Nos
1.	Co2 Weld Machine	220 AMP	36
2.	Spot Weld Machine Hanging type	50 KVA	72
3.	Spot Weld Machine Pedestal	20 KVA	18
4.	Arc Welding machines		8
5.	Projection Welding Machines		6

ROBOTICS

Sr. No	Type/ Description	Nos.
1	Robot (Fanuc) in assembly line for performing 76 welding spots per minute	1

SHEARING FACILITY

Sr. No	Type/ Description	Nos.
1	Shearing Machine	2

MISCELLANEOUS EQUIPMENTS.

Sr. No	Type Description	Make / Model	Specifications	Nos.
1.	Compressor (Kirloskar)	100 CF	30 T	1
2.	Compressor (Atlas Copco)	200 CF	30 T	2
3.	Crane	Electromech	20 T	1
4.	Crane	Electromech	10 T	1
5.	Crane	Electromech	10 T	1
6.	Crane	Electromech	5 T	1
7.	Fork Lift	Voltas	5 T	1
8.	Transformer	---	500 K V A	1
9.	Generator	Kirloskar	500KV / 225 KV	1
10.	Shearing Machine	---	6 * 1250 * 2500	1

TOOL ROOM

Our Tool Room facilities are amongst the best available in Pune region with high precision CNC machines from world-renowned manufacturers. We have installed a Hartford VMC and Electronica Superfine Wirecut machine to achieve accuracy in the realm of microns. Beside these, our Tool room has high precision conventional machine for Boring, Drilling, and Surface Grinding and Bench Grinding operations. We take great care to maintain all our tools and dies so they are ready for use at any given time.

CAD-CAM FACILITIES

We use advanced CAD-CAM production techniques. For this purpose high end software like IDEAS (Solid, Surface, Machining modules, 2D / 3D drafting & Translator), Camtron (CAD-CAM solution for design and manufacturing), and CAM modules like SURF-M, 2X MLL and 3X SIMULATOR are used. All these software are run on state -of-the art hardware platforms.

SOFTWARES USED

1. Ideas - Solid, Surface, Machining modules, 2D / 3D drafting & translator
2. Cimatron CAD-CAM solution for design and Manufacturing - 2 Nos

MODULES : CAM modules, SURF-M, 2X MILL, 3X MILL, 3X SIMULATOR

TOOL ROOM MACHINERY

Sr. No.	Equipment description	Nos
1	Double Column VMC	1
2	Single Column VMC	1
3	EDM Wire cut Machine	1
4	Vertical Milling Machine	1
5	Horizontal Boring Machine	1
6	Milling Machine	1
7	Radial Drilling Machine	2
8	Surface Grinding Machine	2
9	Pillar Drilling Machine	1
10	Lathe Machine	2
11	Hacksaw Machine	1

Other utilities

Compressors		
1	200 CFM	3
2	400 CFM	1
3	Air Driers 200 CFM	3
4	Air Driers 400 CFM	1
Cranes		
1	Hoist Crane - 250 Kgs	5
2	Hoist Crane - 500 Kgs	3
3	EOT Crane – 5 Ton	3
4	EOT Crane - 10 Ton	4
5	EOT Crane - 20 Ton	1
Fork Lifts		
1	Diesel operated - 5 Tons	2
Lift		
1	Goods Lift - 2 Tons	1
Cooling Tower		
1	1500 Liters	1
2	1000 Liters	1
Water Softening Plant		
1	1500 Liters	1
Die Washing System		
1	Hot and Cold, Jet Water Cleaning System	1

Power: We have the required power sanctioned by the Maharashtra Vidyut Vitaran Ltd and also have standby generators to take the full load in case of MSEB electricity failure

1	Sanctioned Load - LT	52 KVA
	Utilized Load - LT	47 KVA
2	Sanctioned Load - HT	610 KVA
	Utilized Load - HT	570 KVA
Standby support - Generators		
1	225 KVA	1
2	500 KVA	1

Water

We have our own boring wells to take care of the total water requirement of approx 10000 liters per day.

Process

We manufacture medium to heavy components and large assemblies at this unit. Backed by a state-of-the-art tool room and our own design capabilities, we manufacture all the required tooling in house within very short periods of time. Our tool manufacturing capabilities have played a major role in our business growth. We have also installed a Robot which makes 76 spot welding per minutes in one of the most critical components in a car viz. front floor assembly which determines the balance of the entire vehicle.

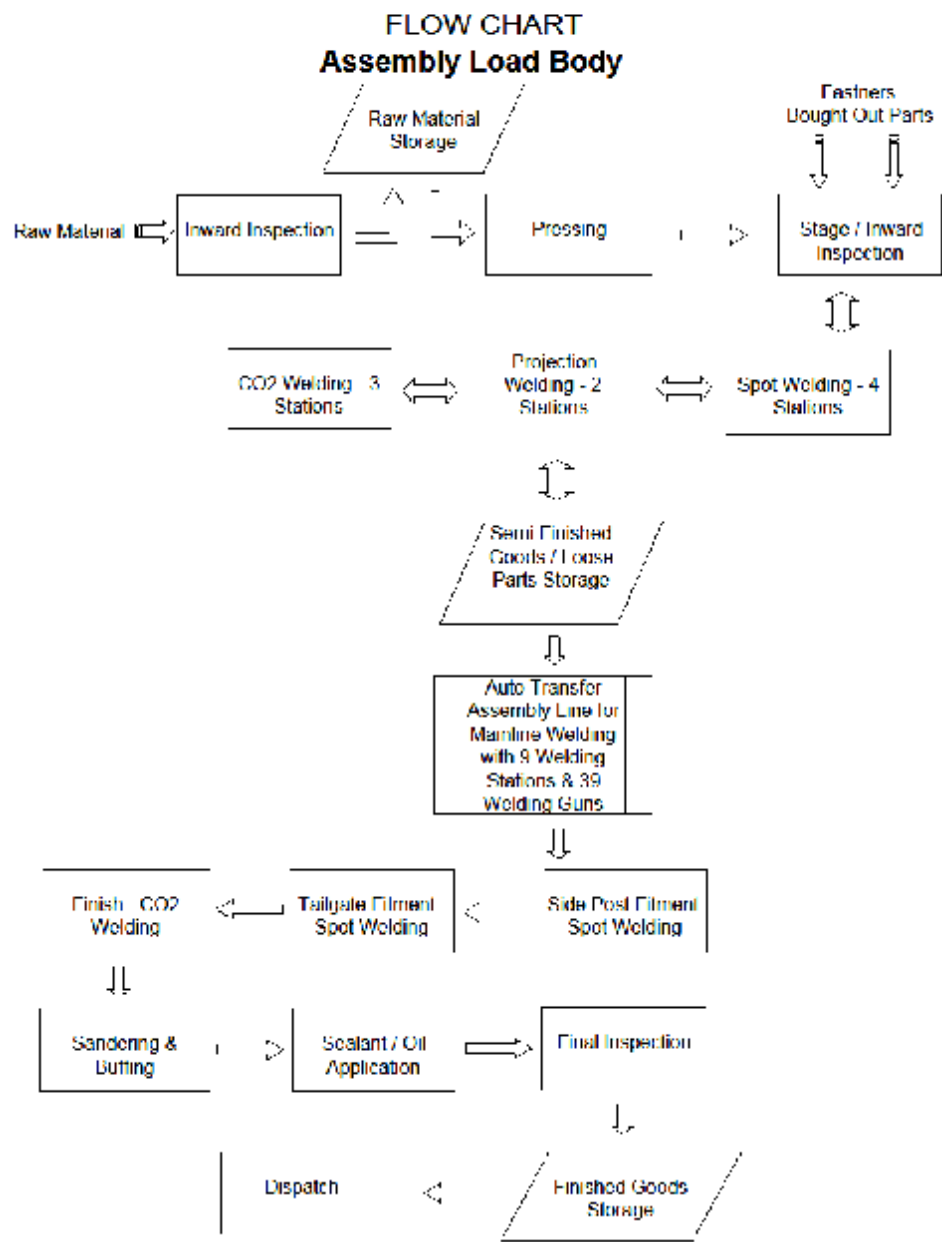
Our production process consists of multiple operations which vary from component to component. We have established our production process keeping in mind the requirements of the customer and the criticality of the components. Our team of experts from the planning department decide the process in consultation with the manufacturing department so as to eliminate possible constraints before freezing the final process. All our tools and fixtures are designed with the concept of POKA YOKE (a Japanese word for fool proofing- so that “a mistake does not happen even by mistake”) to eliminate any in- process non conformities towards the desired quality. The safety of the operator is considered throughout the process and all possible efforts are taken to ensure the same. All the external inputs which go into the assembly are inspected on a batch basis and our suppliers are also educated towards the importance of process establishment to enable supply of high quality zero defect components.

We have mastered the art of Mass Production without any compromise on the quality aspect. The assembly line which we have set up for manufacturing the Load Body is a typical example of the same. We have designed and installed a fully automatic lift and carry transfer line, which reduces the transfer time between stations and also eliminates the handling damages as the Load body is an aesthetic part of the vehicle. The auto transfer also eliminates the operator fatigue which directly enhances the efficiency of the line. We have provided 122 sensors on the line which unless authorized do not commence the process cycle. All the sensors have been provided with light indicators for easy operator understanding.

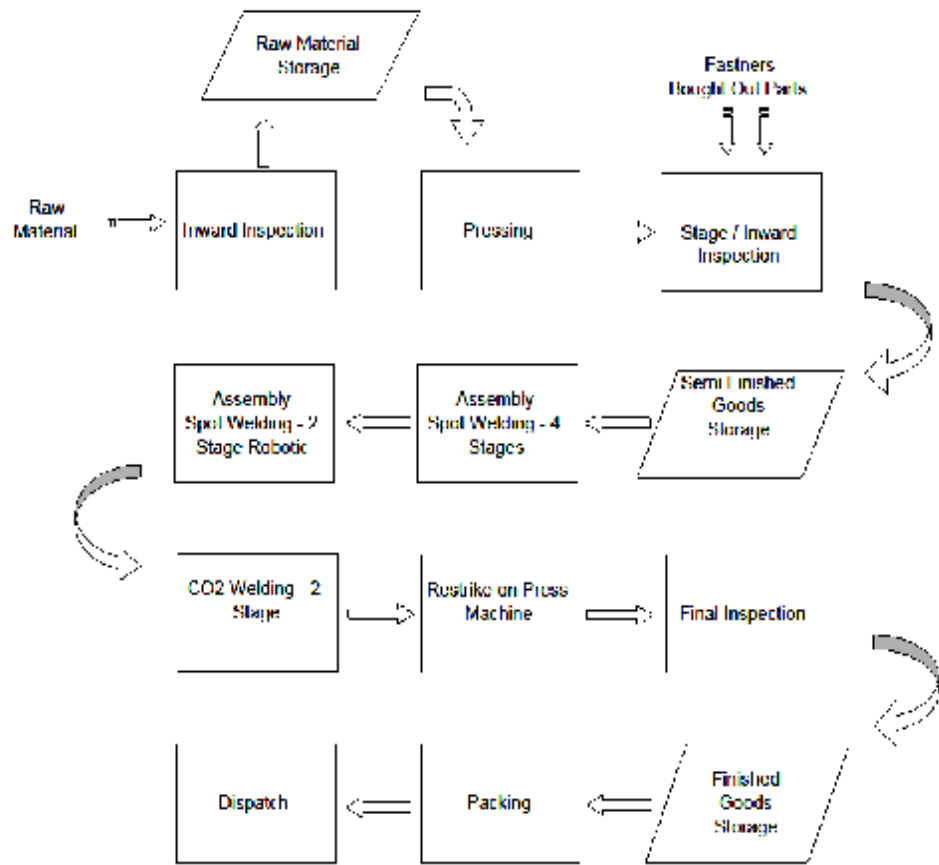
The Load body assembly consists of nearly 70 different parts which have to be assembled together. The input Raw material is checked and is confirmed with the specified standards for quality. The sheet metal components are pressed strictly as per their quality plan with inspection fixtures and templates provided for all loose components. All the fixtures are calibrated on a regular basis for consistency and repeatability.

The process flow starts from the inspection of the input raw material required for pressing. The material is then kept in the Raw Material Stores from where it is handed over to the press shop for processing. The components are then pressed according to the sequence of operation viz. Blank, Form, Pierce or Draw, Trim, Pierce and so on. The components are then inspected as per the sampling plan and sent for assembly. Some components are sent to the assembly shop for nut welding and minor bracket fitments. Then all the pressed parts are sent to the assembly stores and from there they are transported online to feed the requirements per shift. We have followed the principles of KANBAN and FIFO for the line side stores. The mainline assembly starts with the stitching of Floor panels on the first station to the fixing of Side Panels on the 9th station. The TACT time (Total Activity Completion Time) on these fixtures is 4 minutes which gives us a production rate of 130 assemblies per shift. The assemblies are then put on moving trolleys for further 3 operations and then for inspection and cleaning before storage and final dispatch.

FLOW CHARTS



FLOW CHART
Assy Front Floor



3. Manufacturing Unit at T-135 MIDC, Bhosari, Pune-411026

Bhosari Unit is located in MIDC, Bhosari, very near to Telco's main Entrance. The production facilities here are housed in 30,000 sq.ft. of built-up area on a plot of land admeasuring 53,000 sq.ft. with main roads on two sides of the plot and other excellent infrastructure.

Plant & MachinerySr. No	Types of Machine	Make / Model	Capacity	Bed Size	Nos
1	Mechanical Press (C Frame)	Balaji	40T	420X625	1
2	Mechanical Press (C Frame)	Godrej	300T	500X800	2
3	Mechanical Press (H Frame)	Union	100T	600X650	2
4	Mechanical Press (H Frame)	Union	150T	830x850	1
5	Mechanical Press (C Frame)	Ravi	150T	780X1100	1
6	Mechanical Press (H Frame)	Ravi	250T	920X1000	2
7	Pneumatic Press (H Frame)	Ravi	250T	1380X1500	1
8	Mechanical Press (H Frame)	Ravi	300T	1200X1460	1
9	Pneumatic Press (H Frame)	Ravi	250T	1220X1210	1
10	Mechanical Press (H Frame)	Ravi	500T	1510X1515	1
11	Pneumatic Press (H Frame)	Ameteep	400T	1250X1830	1
12	Reciprocating Compressor	ELGI	40CFM		2
13	Screw Type Compressor	ATLAS	100CFM		1
14	E.O.T.Crane	Electromech	5T		5
15	Milling Machine	RIB HYD	-	300X1300	2
16	Surface Grinder	Farrot	-	200x830	2
17	Pillar Drilling	Prashant	-	1.0 inch	1
18	Drill Machine -2	Prakash	-	2.0 inch	1
19	Lathe Machine	Shreekant	-	-	1
20	Bench Grinder	Anmol	-	3/4'	1
21	CO2 1	RC Power Control	-	-	6
22	CO2 2	Sai Engg	-	-	6
23	Proj Welding	Sai Arc	-	-	1
24	Tapping-1	Tirupati	M6	-	1
25	Spot-1	Sai Arc	-	-	3
26	Spot-2	Sai Arc	-	-	3
27	Proj Spot-1	Sai Arc	-	-	5
28	Tapping-2	Tirupati	M12	-	2
29	Proj Spot-2	Sai Arc	-	-	5
30	Shearing Machine-1	Allwin	-	-	1
31	Shearing Machine-2(HYD)	Weldor	-	-	2
32	Portable Angle Grinder PHNU.1	Fuji	20CFM	-	1
33	Portable Angle Grinder PHNU.2	Fuji	20CFM	-	2
34	Portable Angle Grinder ELEC-1	Bosch	4.0inch		1
35	Portable Angle Grinder ELEC-2	Bosch	5.0inch	-	2
36	Belt Grinder Elect	-	-	-	2
37	Hand Shearing Machine	-	-	-	2
38	Hydraulic Lifter	K.N Enggrs	1.0T	-	1
39	Crane	Shree Fab	-	-	3



We manufacture small sub-assemblies such as chain covers, front fork, wheel rims for Bajaj Auto, outer shield of catalytic converters for Walker Exhaust India (a subsidiary of Tenneco, a Fortune 500 US company) This unit contributes approx 15% of the total turnover

Other Utilities

Compressors		
1	100 CFM	1
2	200 CFM	1
3	Air Driers 200 CFM	1
Cooling Tower		
1	1000 Litres	1

Power: Against the total HT power requirement of 150 KVA we have sanctioned load of 165 KVA which takes care of our requirements. A 250 KVA standby generator takes care as standby support in the event of power failure to ensure uninterrupted functioning of the unit.

Water: We require about 10000 liters of water which is met through MIDC water supply.

4. Unit-II at Survey Nos. 313,314, 320, 321, 322 & 323 Nanekarwadi, Chakan, Taluk: Khed, Pune-410501

This unit is a part of the expansion initiative and Phase-I of the expansion is at an advanced stage of completion and has commenced commercial production in November 2006.

We propose to manufacture aesthetic parts such as door assemblies, bonnets, fenders and also tippers, tipper trailers, cement bulkers, garbage extractors etc from this plant.

This plant is equipped with heavy press machines capable of pressing complex sheet metal components measuring more than 3 meters in length & width. The press line will be automated for “between press transfers” that will enhance the production volume and give the desired quality as per customer requirements. The unit will have a state-of-the-art Tool Room and a sophisticated paint shop which will be able to provide painted assemblies to our customers. We have commenced production of entire door assemblies for commercial vehicles, skin panels for trucks and also the manufacturing of Tippers for dump trucks.

With continuous improvement taking place in the inland transportation infrastructure with Express highways and better roads connecting major cities of India very good demand is anticipated for Tippers and Trailers in the Indian market. We are manufacturing 14 Cubic Meter Tippers presently and have also started development activities of 18 Cubic meter tippers and Flat bed trailers. We have been able to develop the tipper within a record time of 3 months and we have made makeshift arrangements to manufacture 10 tippers per day The manufacturing facility being set up will have a capacity to produce 250 nos of heavy load bodies per month.

Plant & Machinery

Sr. No	Description	Nos
1	Double Action Press - 1000 Ton	1
2	Single Action Press - 1000 Ton	2
3	Single Action Press - 800 Ton	2
4	Hemming Press - 150 T Hydraulic	5
Tool Room		
1	Co ordinate Measuring Machine	1
Welding Facilities		
1	Spot Welding Guns - Hanging Type	52
2	Spot Welding Guns - Pedestal	1
3	Projection Welding Machines	1
4	MIG Welding Machines	6
5	Arc Welding Machines	3

Compressors		
1	200 CFM	1
2	400 CFM	2
3	Air Driers 200 CFM	1
4	air Driers 400 CFM	2
Cranes		
1	EOT Crane - 5 Ton	1
2	EOT Crane - 50 Ton	1
3	Mobile Crane - 12 Ton	1
Cooling Tower		
1	2500 Liters	1
2	1000 Liters	1
Water Softening Plant		
1	1000 Liters Reverse Osmosis Plant	1
Die Washing System		
1	Hot and Cold, Jet Water Cleaning System	1

Utilities

Power: We have a sanctioned HT load of 900 KVA against immediate requirement of 300 KVA. On completion of Phase-II of the expansion the load requirement will be 600 KVA and therefore the present sanctioned load can take care of future expansions as well.

There are two generators with a total capacity of 563 KVA which takes care of standby support in case of failure of power supply from the State Grid.

Water

The total water requirement is estimated at 200000 liters which is met from our bore wells and tanker supplies.

Operations of our subsidiaries

1. Western Pressing Pvt. Ltd., F-2/24, 25 MIDC, Pimpri, Pune-411018

We are utilizing the facilities of the Western Pressing Pvt. Ltd for manufacturing formed tubular products such as silencers and exhaust systems for Tata Motors commercial vehicles of all categories. The unit contributed approx 10% of our turnover for the year ended March 31, 2006. From 1st April 2006 the operations have been merged with Autoline Industries Ltd.

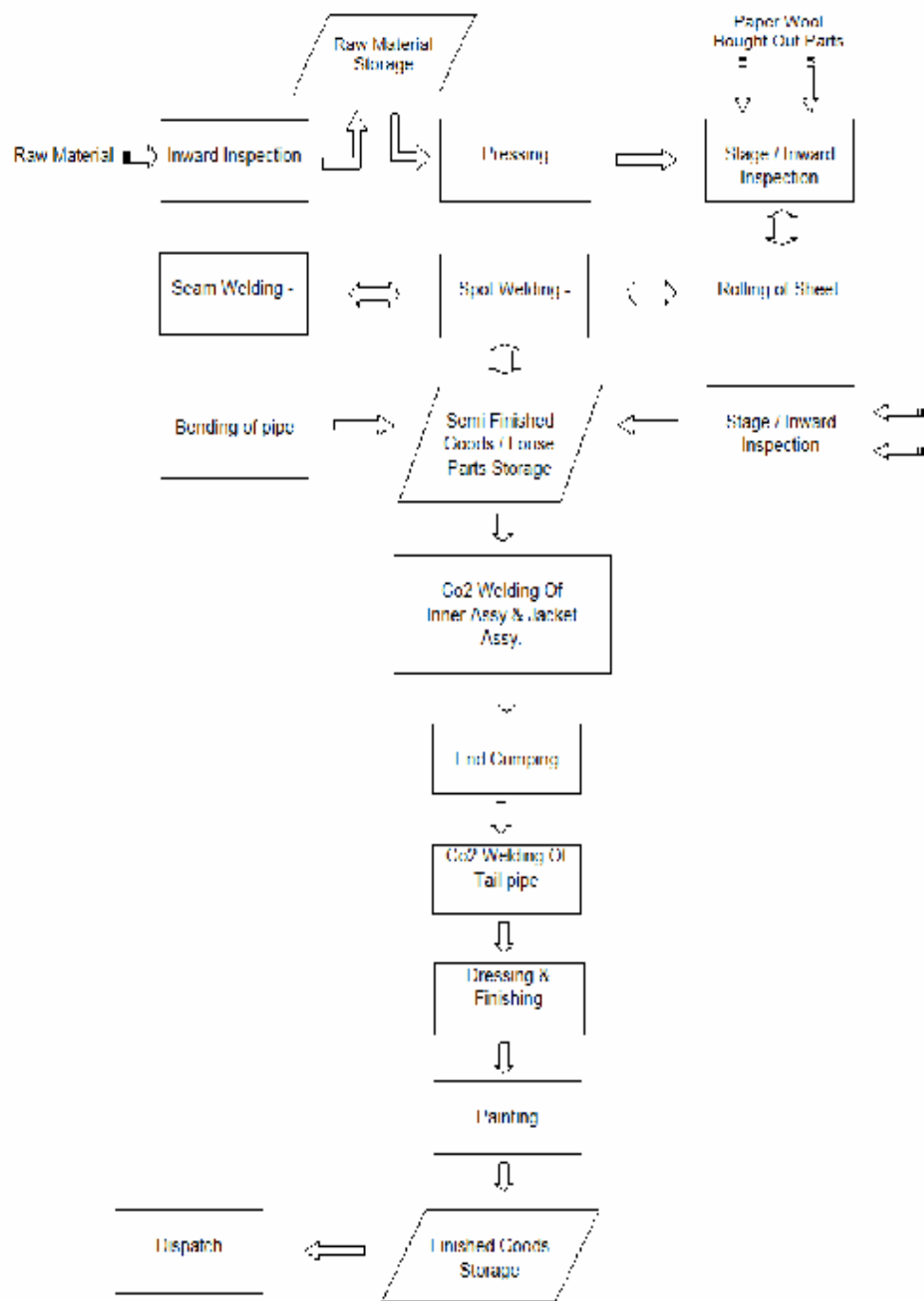
We have high precision CNC bending machines, a press shop which also has Special Machines for end crimping. The exhaust systems are manufactured under strict quality norms right from the raw material stage to the painted assembly. With the in house facility of a Paint Booth and a baking oven the painting process is carried out with strict quality control as this is a process of critical importance for the exhaust systems. This unit is also supported by a tool room which takes care of the new developments and the maintenance of the regularly used tools.

Plant & Machinery

Sr. No	Description	Nos
1	Hydraulic & Mechanical Presses Ranging From 15 Tons to 150 Tons	7
2	Seam Welding Machine - Long	2
3	Auto Rolling	1
4	Spot Welding	1
5	Heavy Side Lock Seam Weld	2
6	End Flanging	2

Bending shop		
1	Pipe Bending Machine - Semi Auto	2
2	Pipe Bending Machine - CNC	1
3	Pipe Bending Machine - NC	1
4	Flaring Machine	2
5	Drilling Machine	1
6	Hand Press	1
Tool Room		
1	Drilling Machine	1
2	Milling Machine	1
3	Lathe	1
4	Surface Grinding	1
5	Power Hacksaw	1
6	Bench Grinder	1
Shearing Facility		
1	Shearing Machine	1
2	Pipe cutting Machine	2
Welding Facilities		
1	Co2 Welding machines	12
2	End Crimping Machine	3
3	Automatic Torch Rotary Welding System	1
4	Gas Welding Set-for Acetylene with Gas Cylinder Trolley & Blow pipe	1
Paint Shop		
1	Paint Booth	1
2	Baking Oven	1
Compressors		
1	Air Compressors - 50 CFM	3
Cooling Tower		
1	10000 Liters	1

FLOW CHART
Silencer Assembly



Utilities

Power: We have sanctioned HT load of 80 KVA as against the requirement of 71 KVA. We also have a standby generator of 75 KVA for power back-up.

Water

The required water is available from MIDC water supply.

The required raw material is available in large quantities and according to our qualitative requirements.

2. Autoline Dimensions Software Pvt. Ltd.

Design Engineering Software Services

Cars are technically complex and very high level of engineering expertise is required to ensure that a large number of parts can fit together in a precise way. We therefore need to have design and development capability to evaluate how the parts being manufactured by us fit together with the other parts of the automobile.

Outsourcing of automobile components that have relatively high engineering and design content from suppliers in low cost countries like India, is rapidly gaining momentum and we, with our design capabilities are preparing ourselves to provide aggregate system solutions to meet the requirements of overseas OEMs.

During our interactions with several OEMs we realized the potential for Design Engineering Services in automotive sector. We already had an in-house CAD/CAM facility and decided to scale up the capabilities of this facility by acquiring a design engineering Software Company.

According to a research report of Forrester Research India product development is one of the fastest growing segments of offshore services market. As companies across a range of verticals grapple to add more value added software to their products while cutting the overall R&D costs this offshore segment will expand dramatically. Its unique requirements mean that it will develop separately from traditional outsourced IT work. The product development market has outpaced IT services in terms of value and has grown ten fold from US\$ 300 million in 2001 to US\$ 3000 million in 2006. Among global automotive companies Ferrari, Chrysler, General Motors and among aerospace companies Airbus, Boeing, Pratt & Whitney rely on third party services providers for their product development related work (*Source: "Offshore Product Development Spreads Across Verticals" Nasscom newslines: Issue No.57; July 2006: www.nasscom.in*).

Keeping the very good potential in view, we acquired, in March 2006, a majority stake (51%) in **Autoline Dimensions Software Pvt. Ltd. (Formerly known as Dimensions Engineering Software Services Pvt. Ltd.)**, which has expertise in design engineering services and is a reseller of engineering software (Pro-E) manufactured by Parametric Technology Corporation, USA. The balance 49% in the equity is held by a NRI based out of Dubai. We propose to enhance the capabilities of this subsidiary in areas of Computer Aided Design and Computer Aided Engineering and Tool Designing. The subsidiary has presently 40 software engineers. The total expenditure is estimated at Rs.20 million which will be utilized for acquisition of the necessary computer hardware and software and to create infrastructure for accommodating 210 technical personnel and partly defray their salaries for a period of 6 months.

Autoline Dimensions Software Pvt. Ltd, is a high-end Engineering Solutions provider offering services ranging from Design Engineering, Process Engineering, Reverse Engineering, Knowledge Based Engineering and CAD Software Customization.

Autoline Dimensions provides the services to Automotive and Discrete Manufacturing companies. Typically almost all these companies requires support of external Design services consulting companies for various reasons like to speed up Product development and design cycle, to cope with sudden demand in engineering detailing work, to get expert opinion from the specialized external engineers to enhance the internal design process.

To take care of these market needs, Autoline Dimensions offers services in following areas to these selected vertical markets i.e. Automotive and Discrete Manufacturing companies.

- **Plastic Component Engineering**
 - Component Design/Injection Mould tool design
 - **Body in White (BIW)**
 - Closures Design / Welding Fixtures / Tooling Designs
- (In these services we deliver complete 3D Models, detail drafting (Manufacturing and QC drawings) with GD & T (GD&T: Geometric Dimensioning and Tolerances)
- **Legacy Data Migration – 2D to 3D conversion**
(All 2 D data of the customer is converted in 3D parametric model and delivered as per customer requirements)
 - **Reverse Engineering**
 - Scanning / Digitizing the complete product or a component

To achieve these requirement Autoline Dimensions provide services using all industry standard CAD tools including Unigraphics, CATIA V4 and V5, Pro-Engineer, EDS I-DEAS NX and Solid Works.

Memorandum of Understanding with Detroit Engineered Products Plc. USA

We have also entered into a Memorandum of Understanding on 28th August 2006 with another Design Engineering company **Detroit Engineered Products Plc., USA** providing cutting edge solutions to leading automobile manufacturers viz. General Motors, Ford Motors, Daimler Chrysler, Toyota, Honda, Hyundai etc. The high-end design engineering capabilities will enable us to reposition ourselves as one of the most technologically competent components solution providers in the world.

Detroit Engineered Products is a Michigan based engineering consulting and software products firm specializing in the area of Product Development Tools and Solutions. All of the products and services are aimed at reducing the overall product development cycle and bring products faster to market. The company has been in business since 1998 providing the tools and services to all major automotive OEM’s and several major Tier I suppliers.

The main office of DEP is in Troy, Michigan and Global Innovation Center is located in Chennai, India. The company is represented around the world by 14 partners companies that provide software support to the local customers. Countries that are currently served include Japan, China, Korea, Taiwan, Belgium, Germany, Malaysia, India and Singapore.

Core strengths are in the following areas:

- Advanced Engineering Consulting
- Product development services including CAD and CAE
- Knowledge Based Engineering Wizards
- Low cost engineering services using Global Innovation Center in India
- Design optimization
- Custom Engineering Software development
- Advanced Vehicle Control system Development

RAW MATERIALS

The main raw material for our manufacturing operations is mild steel and alloy steel which is sourced directly from manufacturers such as Tata Steel Ltd, Bhushan Steel Ltd, Ispat Ltd, Essar Steel Ltd. We use the following grades of steel in our manufacturing processes:-

Thickness (in mms.)	Grade	Consumption (MT)
0.7	D513	3000
1.2	D513	2520
1.0	EDD513	2436
1.0	D513	2268
1.6	DD1079	1200
2.0	DD1079	1368
Other grades	-	7632
Total Consumption per annum		20424

The required raw material is available in large quantities and according to our qualitative requirements.

Testing & Quality Control

The process is defined at all manufacturing locations as per ISO / TS 16949 Standards. Systems & procedures are followed for testing and quality control of every component / assembly dispatched as per the Quality Plans for each component maintained.

Quality Certifications

We have received a "CQ" certification from Tata Motors Ltd., for the Kudalwadi Plant for its supply on "DSL" basis (i.e. without inspection at OEM) in 1998. This has been renewed after the 3 year periods in 2001 and 2004. This unit has also received ISO/TS 16949:2002 Certification from TUV (Rh), Germany, during 2005-06.

Our Chakan Plant has received ISO/TS 16949:2002 Certification from TUV (Rh), Germany, in Oct 2004.

Our Bhosari and Kudalwadi Plants have received ISO/TS16949:2002 Certification from TUV(Rh),Germany in February,2005.

Thus all the manufacturing locations are certified for highest International Standards in the Auto Component Category i.e. ISO/TS 16949:2002.

Environmental factors

The process of assembling of the components does not involve discharge of any hazardous solid waste, water and air polluting gases or substances. We are complying with the Pollution Control Guidelines for all the units.

HUMAN RESOURCES

We recruit people from the Industry depending on the requirement. We also engage labour on contract basis for doing non-routine type of work as and when required. We have been able to maintain good relationship with the employees. The required labour is easily available in and around the places where the factories of the Company exist and we do not foresee any problem in hiring the required manpower.

The number of people employed by us as on 31st August 2006 was 1588 including 215 permanent employees and 1373 workers on contract basis.

Details of the key personnel forming the top Management team are as under:

Name	Designation	Experience	Previous Positions
Unit Chakan-I			
Mr. S. Dasgupta	General Manager – Projects	34 Years	Telco – 27 Years – Sr. Engineer
Mr. R.D. Dhas	Plant-In-Charge	19 Years	Mahindra Ugine – 1 Year – QC
Mr. K. Hiremath	Dy. Gen. Manager	18 Years	Krishna Fabricators Pvt. Ltd. – 2 Years
Mr. G.V. Rangaraju	Sr. Manager (Tool Room Maint.)	17 Years	Dyna-K – 1 Year – Sr. Manager
Mr. A. Satyanarayan	Project Manager (Projects)	33 Years	HMT Ltd. – 25 Years – Mgr
Mr. Rajan Manavazhi	Manager (Commercial)	25 Years	Padma Balaji Steel Ltd. Breco, Doha, Qatar
Mr. Faiyaz Kazi	Sr. Manager (Develop.)	8 Years	AS Ind – 4 yrs- Plant-in-Charge
Mr. S. M. Ghadge	Manager –HR	10 Years	INTECH MINILEC Ltd Lawkim Ltd.
Bhosari – T Block			
Mr. Dewadkar S.M.	Plant-In-Charge	10 Years	First Employment
Mr. Y.H. Godekar	Plant-In-Charge	7 Years	Patheja Forgings – Production
Mr. Chalke S.G.	Manager – Excise	9 Years	Kirloskar Oil Engine – 1 Yr.
Mr. S. Satpute	Dev. & Mkt. Manager	10 Years	Hind. Pressing – 2 Yrs. – QA
Mr. Yogesh Bhosale	Manager – QA	6 Years	Micron CNC Machine Pvt. Ltd
Mr. A.S. Bali	Maint. – Head	15 Years	Gange Pressing Pvt. Ltd. – 4 yrs
Mr. Manoj Bahiswar	Production	5 Years	First Employment
Kudalwadi			
Mr. Ashif Shaikh	Plant – In – Charge	16 Years	R.R. Ind. – 4 yrs. – Production

Mr. Ashutosh Kulkarni	Company Secretary	2 Years	Ashoka Infrastruct. Ltd. – 1 Yr.
Mr. Santosh Kasture	Plant-in-Charge	5 Years	Unique Corporate – 7 months
Mr. Dilip Kand	Accounts Officer	13 Years	Patheja Forgings – 2 Years

Category-wise break up of existing manpower:

Sr No	Employee Category	Manufacturing Facilities				
		T Block Bhosari	Kudalwadi & Jadhavwadi	Chakan Unit I & II	Western F-II Block	Total.
1	Manager (M)	9	5	12	5	31
2	Executive (E)	16	21	15	12	64
3	Supervisor (S)	16	15	67	11	109
4	Shop Floor Operator (SFO)	128	128	575	37	868
5	Worker (W)	87	107	297	25	516
	TOTAL	256	276	966	90	1588

Additional Manpower Requirements

Sr. No.	Employee Category	Door Assemblies	Heavy Load Bodies	Large sized sheet metal assemblies	Total
1.	Shop Floor In charge	1	1	1	3
2.	Supervisors	3	3	3	9
3	Skilled Workers	10	20	10	40
4.	Unskilled Workers	5	10	5	20
	Total	19	34	19	72

Human Resources Management

We endeavor to thrive on challenges and have always aimed to stretch to the limit and go beyond expectations, delivering through global competencies, latest technology and state-of-the art systems and processes.

We believe in:

- Priority to customer demands
- Initiative and willingness to outdo oneself
- Passion for excellence
- Problem solving and a positive mindset
- Entrepreneurship and stretch

Recruitment

Our aim is to attract the best available talent and effectively deploy to meet the business requirements. The recruitment sources targeted by us include a mix of campus recruitments, referenced applications and recruitment through advertisements and placement agencies.

Training and development:

All new recruits are inducted through a structured training programme involving technical training and soft skills by a qualified HR Team. Executive development courses are held for staff with supervisory responsibilities. Managerial employees undergo training for management, development and project management skills. Senior managers are also sponsored for advanced management development programme in leading training institutions in India.

Performance Evaluation System

We utilize Performance Appraisal System as a tool for evaluating and enhancing the performance of the employees in their respective areas. Performance management seeks to establish and maintain an environment that helps to align employees' needs and aspirations with our corporate goals.

Retention

We endeavor to provide the employees with a challenging work environment aimed at developing their individual potential and providing multiple opportunities for growth and fulfillment.

Location and Utilization of Existing Facilities

Our facilities are located at 5 different places and all the facilities available are utilized to the full extent.

Property

Our manufacturing operations are carried on from the following properties owned by us. The aggregate Book Value of the land and buildings situated therein was Rs.99.03 million as on March 31, 2006. The details of the properties held by us are given below:

LOCATION	AREA IN SQ.MT	CONSID ERATIO N (Rs.in million)	BUILT UP AREA SQ.MT	DATE OF ACQUIS- ITION	TYPE OF HOLDING	DETAILS OF SELLER
Gat. No.825, Chikhali (Kudalwadi), Taluka-Haveli, Dist. – Pune	550	0.48	550	25.09.1996	FREEHOLD	Mr.Parasingh M. Sodh
Total Of Land Kudalwadi Plant	550			& 9.06.2003	FREEHOLD	Mrs. Sakhubai T. Akhade
Gat. No.712, Chikhali (Kudalwadi), Taluka-Haveli, Dist. – Pune	650	0.87	650	25.07.2000	FREEHOLD	Mrs. Sakhubai T. Akhade
Total Of Land Jadhavwadi Plant	650			& 25.07.2000	FREEHOLD	Mr.Vishnu V. Rasal Mr. Hunid H. Chunawala
Gat. No.287, Nanekarwadi, Mouje Chakan, Taluka – Khed, Dist. – Pune	3400	0.70			FREEHOLD	Mr. Rajesh Goyal & Mr. Jaybhagwan Agrwal
Gat. No.291, Nanekarwadi, Mouje Chakan, Taluka – Khed, Dist. – Pune	1710			11.06.1998	FREEHOLD	Mr. Vilas Lande
Gat. No.292, Nanekarwadi, Mouje Chakan, Taluka – Khed, Dist. – Pune	1010			11.06.1998	FREEHOLD	Mr. Vilas Lande
Gat. No.293, Nanekarwadi, Mouje Chakan, Taluka – Khed, Dist. – Pune	1995			11.06.1998	FREEHOLD	Mr. Vilas Lande
Gat. No.294, Nanekarwadi, Mouje Chakan, Taluka – Khed, Dist. – Pune	2150			11.06.1998	FREEHOLD	Mr. Vilas Lande
Gat. No.295, Nanekarwadi, Mouje Chakan, Taluka – Khed, Dist. – Pune	495			11.06.1998	FREEHOLD	Mr. Vilas Lande
Gat. No.298, Nanekarwadi, Mouje Chakan, Taluka – Khed, Dist. – Pune	1340	0.27	11400		FREEHOLD	Mr. Vilas Lande
Total Land Of Unit I	12100	0.97				
Gat No. 313- Nanekarwadi, Chakan , Taluka Khed	25500			29.06.04	FREEHOLD	Mr. Ishwarchand Goyal Mr. Surajprakash Gulati through 1.Tripati Developers 2. Vinit Goyal 3. Shyam Agarwal
Gat No. 314- Nanekarwadi, Chakan , Taluka Khed	13750			29.06.04	FREEHOLD	

Gat No. 314- Nanekarwadi, Chakan , Taluka Khed	13750	2.08		10.12.2004	FREEHOLD	Mr. R.G.Nanekar & Parvatebai L Nanekar for 314 dated 10.12.04 Mr. Jayant V. Kaneria
Gat No. 320- Nanekarwadi, Chakan , Taluka Khed	1400			29.06.04	FREEHOLD	Mr. Ishwarchand Goyal Mr. Surajprakash Gulati through 1.Tripati Developers 2. Vinit Goyal 3. Shyam Agarwal
Gat No. 321- Nanekarwadi, Chakan , Taluka Khed	1200			29.06.04	FREEHOLD	
Gat No. 322- Nanekarwadi, Chakan , Taluka Khed	1700			29.06.04	FREEHOLD	
Gat No. 323- Nanekarwadi, Chakan , Taluka Khed	1100	10.03		29.06.04	FREEHOLD	
Total Land Of Unit II	58400	12.11	16400			
T-135, MIDC ,Bhosari, Pune: 411026	4758	9.37	3200		LEASEHOLD (LONG TERM) MIDC	
Total Land Of T135 Bhosari Unit	4758					
Plot No. 24, F-II Block , MIDC, Pimpri (Western)	2470	0.25		6.05.1998	LEASEHOLD (LONG TERM) MIDC LEASEHOLD	LINCWISE SOFTWARE PVT LTD
Plot No. 25, F-II Block , MIDC, Pimpri (western)	2594	0.26	2400	14.03.1996		
Total Land OF FII Block Pimpri	5064	0.51	17 & 18			
1187-11, Vasantao Deshmukh Road,Off: Ghole Rd Behind ICICI 'e' Lobby, Shivaji Nagar, Pune: 411 005	4082	0.16 per month		1.4.06	RENTED	Mrs. Amita Agarwal Mrs.Trupiti Agarwal
Total	81522					

Purchase of Property

Except as stated above and as stated in the section titled “Objects of the Issue” on page 30 of this Red Herring Prospectus there is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid wholly or in part from the net proceeds of the issue, or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than the property in respect of which:-

- (a) the contracts for the purchase or acquisition were entered into in the ordinary course of our business, and the contracts were not entered into in contemplation of this issue nor is the issue contemplated in consequence of the contracts; or
- (b) the amount of the purchase money is not material; or
- (c) disclosure has been made in this Red Herring Prospectus in the section titled “Objects of the Issue” on page 30.

Except as stated in the section titled “Related Party Transactions” on page 137 of this Red Herring Prospectus we have not purchased any property in which any Director or Directors, have any direct or indirect interest

Insurance

We have taken different insurance policies covering the following:

Policies covering Building, Plant & Machinery

(Rs. in million)					
Sr. No	Particulars	Coverage & Policy No.	Type of Cover	Period	Amt
1	Chakan Unit I & II and Kudalwadi, Jadhavwadi	Building, Plant & Machinery Tools, Dies & other equipments 271005/11/06/33/00000/159	Bldg fire & earthquake	6.08.06 to 5.08.07	345.80
2	All Units	Stock of all units 271005/11/06/33/00000/158	Fire & earthquake	6.08.06 to 5.08.07	110.00

3	F- II Block	2200003226	Fire building plus contains public liability	11.08.06 to 10.08.07	30.00
4	Directors & Officers	Personal Liability Policy 230001508	Peril and D& O	20.06.06 to 19.06.07	100.00
5	T-135 MIDC	Building, Plant & Machinery Tools, Dies & other equipments 0610000232/		08.04.06 to 07.04.07	32.00

Policies covering Vehicles				
Sr. No	Vehicle Number	Policy Number	Period Covered	
			From	To
1	MH-14 / AC - 2730	153500/31/05/01/00014947	20/03/2006	19/03/2007
2	MH-14 / F - 6728	152900/31/05/12325	7/12/2005	6/12/2006
3	MH-14 / V- 1761	271000/31/05/6300001582	17/01/2006	16/01/2007
4	MH-14 / F - 5026	271000/31/05/6700001312	17/12/2005	16/12/2006
5	MH-14 / F - 9487	152900/31/05/01/00019089	23/03/2006	22/03/2007
6	MH-14 / V - 5044	121000/31/06/01/00004231	11/7/2006	10/7/2007
7	MH-14 / 4624	152900/31/06/01/00005436	22/08/2006	21/08/2007
8	MH-14 / F- 9699	152900/31/06/01/00002781	7/6/2006	6/6/2007
9	MH-14 / F- 3904	152900/31/06/01/00004180	18/07/2006	17/07/2007
10	MH-14 / F- 8665	152900/31/06/01/00004178	18/07/2006	17/07/2007
11	MH-14 / F- 2990	152900/31/06/01/00004179	14/07/2006	13/07/2007
12	MH-14 / AS- 2507	0064370 (Cover Note)	27/02/2006	26/02/2007
13	MH - 14 F 9487	152900/31/05/01/00019089	23.03.2006	22.03.2007
14	MH - 14 F 9699	152900/31/06/01/00002781	07.06.2006	06.06.2007
15	MH - 14 F 2990	152900/31/06/01/00004179	14.07.2006	13.07.2007
16	MH - 14 F 3904	152900/31/06/01/00004180	18.07.2006	17.07.2007
17	MH - 14 F 8665	152900/31/06/01/00004178	18.07.2006	17.07.2007
18	MH - 14 V 5044	121000/31/06/01/00004231	18.07.2006	17.07.2007
19	MH - 14 4624	152900/31/06/01/00005436	22.08.2006	21.08.2007
20	MH - 14 F 6728	152900/31/06/01/00010178	07.12.2006	06.12.2007
21	MH - 14 F 5026	271000/31/05/6700001312	17.12.2005	16.12.2006
22	MH - 14 V 1761	271000/31/05/6300001582	17.01.2006	16.01.2007
23	MH - 14 AS 2507	0064370(Cover Note)	27.02.2006	26.02.2007
24	MH - 14 AC 2730	153500/31/05/01/00014947	20.03.2006	19.03.2007
25	MH - 06 G 1466			
26	MH - 14 F 6300			
27	MH - 14 AG 9230			
28	MH - 11 A 3421			
29	MH - 12 QA 7156			
30	MH - 04 AG 4595			



Key Industrial Regulations & Policies

Apart from the regulations applicable to all industries, there are no special industry – specific regulations applicable to the company.

HISTORY AND CORPORATE STRUCTURE

Autoline Industries Ltd (AIL) (incorporated on December 16, 1996, as Autoline Stampings Private Ltd.) was initially set up in January 1995 as a partnership firm known as "Autoline Pressings" under Indian Partnership Act 1932, with a capital of Rs. 0.30 million & term loan of Rs. 0.15 million from State Bank of India and Cash Credit limit of Rs.0.05 million. AIL has grown into a medium sized engineering and auto ancillary Company, manufacturing sheet metal components, sub-assemblies and assemblies for large OEMs in the Automobile Industry.

We are engaged in Manufacturing various auto parts / sheet metal components for Passenger cars, Sports Utility Vehicles (SUV), Commercial vehicles, Two wheelers, Three wheelers, Tractors, etc.

We are one of the prime vendors to various Automobile Companies like, TATA MOTORS LTD. (earlier TELCO), BAJAJ AUTO LTD, KINETIC ENGINEERING LTD, MAHINDRA & MAHINDRA LTD., FIAT (INDIA) PVT. LTD., WALKER EXHAUST (INDIA) PVT LTD (a Subsidiary of Tenneco, a fortune 500 U.S. company), etc. AIL is also exporting auto parts i.e. brake shoes for Mercedes Benz Trailers to Saudi Arabia, Dubai etc. Further negotiations are at various stages with various Detroit based Auto Component Makers for direct exports. Due to excellent quality in work, cost competitiveness, timely deliveries and State of the Art Tool Room with latest CAD / CAM facilities, the company has, in a short span, become prime vendor to all the reputed Auto Manufacturers in and around Pune. The turnover of the company has accordingly increased from a modest Rs. 6.30 million as on 31.03.1997 to a massive Rs. 1113 million as on 31.03.2006, in just 9 years time. All the manufacturing facilities have been certified as ISO/TS 19649: 2002 by TUV(Rh), Germany.

Considering the rapid growth in the business, the company was in need of additional space and manufacturing capacities. Therefore 3 to 4 expansions had to be taken up in quick succession during last 9 years. Initially we started our operations at Kudalwadi with 10,000 sq. ft. plot area. Then expanded to Chakan with 114,000 sq. ft. Plot area and T-135, MIDC, Bhosari with 53,000 sq. ft. plot area. Further we have now acquired additional Land of 15 Acres (600,000 sq. ft. area approx) in Chakan very near to the existing Factory. Out of the 15 acres land acquired, 7 acres has been utilized to set up a new modern manufacturing facility on a built-up area of 1,60,000 sq. ft. Thus our existing operations of the company are spread at five places (including a wholly owned subsidiary) with good infrastructural facilities.

During last 9 years our sales have shown steady growth. During the year 2000-01 we had achieved sales of Rs. 171.20 million which were 9.12 % more than sales of 1999-00. In the year 2001-02 the sales were Rs. 212.50 million, increased by 24.13 % as compared with previous year. For the year 2002-03 we achieved sales growth of 28.46 % with sales of Rs. 272.9 millions. In the year 2003-04 we achieved sales of Rs. 510.8 million, thereby registering growth of 87% over previous year. In the year 2004-05, sales grew to Rs.684.8 million (growth of 34% over previous year) and further to Rs.1113.3 million in 2005-06, a massive growth of 63% over previous year and a growing base.

We have been consistent in making profits. In the year 2000-01 and 2001-02 we had earned net profit of Rs. 0.51 million and Rs. 4.43 million respectively. During the year 2002-03 the Net profit was Rs.5.70 million. During the year 2003-04 we made a profit of Rs. 5.93 million. The profitability in comparison with the sales was low, because the major clients like Tata Motors and Bajaj Auto had not given the price increase for Steel despite steep increase in the prices of raw material i.e. Steel. Further there was increase in the finance cost also. However during the year 2004 – 05, Tata Motors had increased the prices of the components in proportion to increase in the prices of Raw Material. The finance cost was reduced by more than 50% by availing FCNR(B) loans at 300 basis points above LIBOR from Bank of Baroda to replace all Rupee Loans. The Net Profit thus saw robust growth to Rs.19.80 million in 2004-05 and further improved to Rs.70.13 million in 2005-06.

MAJOR EVENTS IN THE HISTORY OF THE COMPANY

Period/Time	Particulars
January 1995	Set up the first manufacturing facility at Kudalwadi, Chikhali, Pune with one 150 T ‘C’ frame press and supporting machinery on a built-up shed of 3000 sq.ft. area. Doing job work as Tier III supplier
June 1996	Obtained the Vendor Code for direct supplies to Bajaj Auto Ltd.
September 1996	Obtained the Vendor Code for direct supplies to Tata Motors Ltd. (then TELCO)
December 1996	Converted the partnership firm into Private Limited Company
June 1997	Expanded the facilities at Kudalwadi by acquiring adjacent land, adding 250/300 T press, setting quality systems, etc. for supplies to Bajaj Auto, Tata Motors and Kinetic Engg. Ltd.

January 1998	Received 'CQ' certification from Tata Motors for supplying on "DSL" basis (Direct Supply Online, without inspection at OEM)
March 1997 to October 1998	Set up second Manufacturing facility at Chakan with Presses ranging from 250 T to 600 T and supporting facilities for Tata Motors prestigious "INDICA" car project on the basis of Letter of Intent
August 1999	Set up a Tool Room at Chakan. Imported Hartford CNC Vertical Milling Centre and bought other sophisticated machines locally.
December 1999	Set up CAD/CAM facilities with the latest software available for Tool Making.
April 2001	Took over Amogh Engineers, a Rs.40 million company manufacturing Brake Assembly for Tata Motors 407/709 models and also entered into export of brake shoes to UAE, Singapore, Germany, etc.(since merged with AIL)
September 2002	Received QS 9000/ISO 9002: 1994 certification from TUV(Rh), Germany for Chakan Plant.
June 2003	Took over smaller pressing companies (Tier II and III) locally supplying to Tata Motors Ltd. with their Dies & Tools.
December 2003	Set up third Manufacturing Unit at MIDC, Bhosari on 54,000 sq.ft. land with a modern light press shop facilities (Press Range 40 T to 300 T) for small and medium components for Bajaj Auto, Tata Motors, Walker Exhaust, Kinetic, etc.
February 2004	Obtained a Term Loan from a nationalized bank and shifted our banking operations from a cooperative bank to a large bank in the public sector.
March 2004	The company achieved a turnover of Rs.510.00 million in 2003-04, registering a hefty growth of 87% over previous year.
August 2004	Load Body for Tata Motors prestigious "ACE" mini truck model awarded to company as a single source supplier, to make large sized Floor Dies in-house.
October 2004	Chakan Unit gets ISO/ TS 16949 : 2002 certification from TUV (Rh), Germany one among the 40 companies then all over India
December 2004	Purchased 15 acres of land in Chakan prime area near to existing factory for future expansion
February 2005	Bhosari Unit get ISO/TS 16949: 2002 certification from TUV (Rh), Germany
August 2005	Duke Special Opportunities Fund, Private Equity Investor, invests in company
November 2005	Acquired as a wholly-owned subsidiary Western Pressing Pvt. Ltd., a company manufacturing tubular cross members, silencers and Exhaust Systems thus getting into proprietary products. Turnover of Rs.140.00 million in 2005-06.
March 2006	Acquired a 51% stake in Dimensions Engineering Software Services Pvt. Ltd., a company with 40 people into CAD/CAM/CAE & Design Engineering Services making AIL a "Concept to Delivery" company.

MAIN OBJECTS OF THE COMPANY

The main and other objects of the Company as stated in the Memorandum of Association are:

1. To carry on the business in India and/or abroad as manufacturers, processors, designers, shapers, fitters, fabricators, converters, importers, exporters, factors, agents, buyers, sellers, distributors, stockists of and dealers in automobile parts, ancillaries, components, stamping and pressing, packaging or otherwise in any metallic or non metallic materials, electrical, electronic and mechanical machineries and parts thereof.

The Main objects and objects incidental to the main objects permit the Company to undertake the present and proposed activities.

Changes in Memorandum of Association and Articles of Association since incorporation

Date of Shareholders Date of approval Date o	Changes
02.08.1997	Sub-Division of shares from Face Value of Rs.100/- to Rs.10/-
02.08.1997	Increase in authorized capital from Rs.1million to Rs.5.0 million
30.03.1998	Increase in authorized capital from Rs.5.0 million to Rs.10.00million
30.03.2000	Increase in authorized capital from Rs.10 million to Rs.40 million
23.09.2003	Increase in authorized capital from Rs.40 million to Rs.50 million
28.03.2005	Increase in authorized capital from Rs.50 million to Rs.100 million

31.03.2005	“A” and “B” classification of equity shares
16.11.2005	Cancellation of reclassification of shares
10.01.2006	Change of name of Company from Autoline Stampings Private Limited to Autoline Industries Private Limited
13.01.2006	Conversion of company from Autoline Industries Private Limited to Autoline Industries Limited.
09.06.2006	Increase in authorized capital from Rs.100 million to Rs.150 million
	INSERTION OF ARTICLES
23.05.2002	Insertion of sub clause (d) after sub clause (c) of Article No. 4 – prohibits any invitation or acceptance of deposit from persons other than its members, directors or their relatives.
30.09.2002	Replacement of Article No. 58 by new article No. 58 – Board to borrow funds from time to time by way of deposits, loan, issue of debentures, bonds etc.
11.01.2006	Adoption of new sets of Articles on conversion from private limited company to public limited company.
09.06.2006	Amendment in Articles of Association by replacing new set of Articles

Subsidiaries of the Issuer Company and their businesses

1. Western Pressing Pvt. Ltd. (WPPL)

Constitution	: Private Limited Company
Date of Incorporation	: 7 th May 1985 Regn NO. 38904
CIN No:	: U27105MH1988PLC047767
Board of Directors	: 1. Mr. Vilas Lande 2. Mr. Shivaji Akhade 3. Mr. Sudhir Mungase 4. Mr. M. Radhakrishnan

Nature of activities

Western Pressings Pvt. Ltd. was incorporated as a Private Limited Company with its registered office at Pimpri, Pune for the manufacture of exhaust systems for commercial vehicles and allied economic activity. AIL took over the management of the company in December 2005 by buying out the entire shareholding of Rs.13 million from the erstwhile promoters Mr. Ram Nivas Sawalka and family.

Western Pressings Pvt. Ltd is manufacturing formed tubular products such as silencers and exhaust systems for Tata Motors commercial vehicles of all categories. The unit contributes approx 10% of our current turnover.

2. Autoline Dimensions Software Pvt. Ltd.

Constitution	: Private Limited Company
Date of Incorporation/CIN	: U72200KL2004PTC017309 dt. 29 th July 2004
Board of Directors	: 1. Mr. Vilas Lande 2. Mr. Shivaji Akhade 3. Mr. Sudhir Mungase 4. Mr. M. Radhakrishnan 5. Mr. G.J. Kulkarni 6. Mr. Aniyani Kutty 7. Mr. Deepak Shikarpurkar

Nature of activities:

Autoline Dimensions Software Pvt. Ltd is a high-end Engineering Solutions provider offering services ranging from Design Engineering, Process Engineering, Reverse Engineering, Knowledge Based Engineering and CAD Software Customization.

Autoline Dimensions provides the services to Automotive and Discrete Manufacturing companies. Typically almost all these companies requires support of external Design services consulting companies for various reasons like to speed up Product development and design cycle, to cope with sudden demand in engineering detailing work, to get expert opinion from the specialized external engineers to enhance the internal design process.

Joint Venture

Union Autoline Spareparts LLC, PO Box No. 106974 Abu Dhabi, UAE (Joint Venture in UAE)

We have set up a joint venture company in the UAE for manufacturing after-market auto parts for the Gulf and African markets. We propose to manufacture wheel rims for heavy vehicles at the manufacturing facility of the joint venture. No investment has been made by us (except for market studies, travel and expenses on incorporation of the company) into the joint venture so far and the company is not carrying on any activity as of now.

Agreements

A. Investment Agreements with the Company

Parties to the agreement	<p>MR. M Radhakrishnan, aged 51 years residing at A-5/603, Kohinoor Estate, Wakdewadi, Pune 411 003, on behalf of the Promoters listed in Schedule 1 (hereinafter individually referred to as the “Promoter” And</p> <p>DUKE SPECIAL OPPORTUNITIES FUND, LLC, a company incorporated in the State of Delaware, United States of America and having its registered office at 9701 Wilshire Boulevard, 10th Floor, Beverly Hills, California 90212, USA referred to as “Investor” And</p> <p>AUTOLINE STAMPINGS PRIVATE LIMITED, a private limited company incorporated in the State of Maharashtra, India under the Companies Act, 1956 and having its registered office at S No 825, Kudalwadi Post Chikhali Taluka Haveli Pune – 412114.</p>
Date of agreement	17 th September, 2005
Amount & type of Investment	Rs. 1,55,00,000– Type – Equity Shares
Scope of agreement	<p>Subject to the terms and conditions of this Agreement, Investor agrees to subscribe to an aggregate of three hundred ten thousand (310,000) Equity Shares (“Subscription Shares”) at the Subscription Price being 50 Rs per equity share of the Company of par value Rs. 10 each.</p> <p><i>Based on the agreement 310000 equity shares were allotted on December 02, 2005 to Duke Special Opportunities Fund, LLC</i></p>
Parties to the Agreement	<p>Mr. Vilas Lande, aged 43 years residing at Vithai Niwas, Landewadi, Bhosari, Pune 411 039, Mr. Shivaji Akhade aged 40 years residing at Vikas Colony, Landewadi, Bhosari, Pune: 411 039, Mrs. Rema Radhakrishnan aged 46 years residing at A-5/603, Kohinoor Estate, Wakdewadi, Pune 411 003, Mr. Sudhir Mungase aged 32 years residing at ‘Pasaydan’, Village Kelgaon, Alandi, Dist Pune 412 105, Linc Wise Software Private Limited, a company incorporated under the Companies Act, 1956 having its registered office at T-135, MIDC, Bhosari, Pune: 411 026 referred to as Promoters FIRST PART; and</p> <p>GIRVAN INDIAN VENTURES II, LLC, a company incorporated in the State of Delaware, United States of America and having its registered office at 9701 Wilshire Boulevard, 10th Floor, Beverly Hills, California 90212, USA referred to as “Investor” Second Part; and</p> <p>AUTOLINE STAMPINGS PRIVATE LIMITED, a private limited company incorporated in the State of Maharashtra, India under the Companies Act, 1956 and having its registered office at Survey No. 825, Kudalwadi, Post Chikhali, Taluk Haveli, District Pune-412114, INDIA</p>
Date of Agreement	15 th October, 2005
Amount & type of Investment	Rs. 2,21,20,000- Type – Equity Shares
Purpose of agreement	<p>Subject to the terms and conditions of this Agreement, the Investor agrees to subscribe to an aggregate of three hundred sixteen thousand (316,000) Equity Shares (“Subscription Shares”) at the Subscription Price, being 70 Rs per equity share of the Company of par value Rs. 10 each.</p> <p><i>Based on the agreement AIL allotted 316000 shares @ Rs. 70 per share (including premium of Rs.60 per share) on 2nd December, 2005</i></p>

Parties to the Agreement	<p>Mr. Vilas Lande, aged 43 years residing at Vithai Niwas, Landewadi, Bhosari, Pune 411 039, Mr. Shivaji Akhade aged 40 years residing at Vikas Colony, Landewadi, Bhosari, Pune: 411 039, Mrs. Rema Radhakrishnan aged 46 years residing at A-5/603, Kohinoor Estate, Wakdewadi, Pune 411 003, Mr. Sudhir Mungase aged 32 years residing at ‘Pasaydan’, Village Kelgaon, Alandi, Dist Pune 412 105, Linc Wise Software Private Limited, a company incorporated under the Companies Act, 1956 having its registered office at T-135, MIDC, Bhosari, Pune: 411 026 as Promoters listed in Schedule 1 (hereinafter individually referred to as the “Promoter” and collectively as “Promoters” and</p> <p>GIRVAN INDIAN VENTURES II, LLC, a company incorporated in the State of Delaware, United States of America and having its registered office at 9701 Wilshire Boulevard, 10th Floor, Beverly Hills, California 90212, USA (hereinafter referred to as the “Investor” and</p> <p>AUTOLINE STAMPINGS PRIVATE LIMITED, a private limited company incorporated in the State of Maharashtra, India under the Companies Act, 1956 and having its registered office at S. NO. 825, Kudalwadi, Post Chikhali, Taluka Haveli, District Pune-412114, INDIA</p>
Date of Agreement	31 st December, 2005
Amount & type of Investment	Rs. 3,05,00,000 – Type – Equity Shares
Purpose of agreement	<p>Subject to the terms and conditions of this Agreement, the Investor agrees to subscribe to an aggregate of three hundred sixteen thousand five hundred *(316,500) Equity Shares (“Subscription Shares”) at the Subscription Price, being 100 Rs per equity share of the Company of par value Rs. 10 each.</p> <p><i>Based on the agreement AIL allotted 305000 shares @ Rs. 100 per share (including premium of Rs.90 per share) on 31st March, 2006.</i></p>

Share Purchase Agreements

Parties to the Agreement	<p>Among</p> <p>AUTOLINE STAMPINGS PRIVATE LIMITED, a company registered under the Companies Act 1956, having its registered office at S. No. 825, Kudalwadi, Chikhali, Pune 412 114, through its Director Mr. M Radhakrishnan, Age 51, years, residing at, A-5, 603, Kohinoor Estate, Wakdewadi, Pune 411 003,</p> <p>Mr. Vilas Lande, aged 43 years residing at Vithai Niwas, Landewadi, Bhosari, Pune 411 039Mr. Shivaji Tukaram Akhade, Age 41 Years, residing at Vikash Colony, Landewadi, Bhosari, Pune 411 039,Mrs. Rema Radhakrishnan, Age 46 Years, residing at A-5, 603, Kohinoor Estate, Wakdewadi, Pune 411 003,Mr. Sudhir Vitthal Mungase, Age 32 Years, residing at “Pasaydan”, Village Kelwadi, Alandi, Dist Pune 410105,</p> <p>(each of the aforesaid persons hereinafter individually referred to as “Purchaser” and collectively referred to as “Purchasers”</p> <p>Mr. Ram Niwas Sawalka, Age 71 Years, residing at 5-A, Robinson Street Kolkata, 700017, Mrs. Uma Devi, Age 63 Years, residing at 5-A, Robinson Street Kolkata, 700017, Mr. Davesb Sawalka, Age 26 Years, residing at 5-A, Robinson Street Kolkata, 700017, Mr. Avinash Sawalka, Age 24 Years, residing at 5-A, Robinson Street Kolkata, 700017</p> <p>(Each of the aforesaid persons is hereinafter individually referred to as a “Seller” and collectively referred to as the “Sellers”, of the shares of Western Pressing Pvt.Ltd.</p>
Date of Agreement	24 th October, 2005
Amount & type of Investment	Rs. 1,95,00,000 Type – Equity Shares
Scope of agreement	<p>To acquire 100% Equity holding from sellers by Autoline Stampings Private Limited and by its promoters.</p> <p>Under this agreement 1300000 equity shares of Rs.10 each of Western Pressing Pvt.Ltd were acquired by Autoline Stampings Pvt.Ltd (now Autoline Industries Ltd – the issuer company) being the entire paid up shares of Western Pressing Pvt.Ltd.</p>

Parties to the Agreement	<p>DUKE ADVISORS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956, having its registered office at IndiaCo Innovation Center, 214 Navi Peth, L.B.S. Marg, Pune 411 030 (hereinafter referred to as "Purchaser", AND</p> <p>AUTOLINE INDUSTRIES LIMITED, a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company" AND</p> <p>MR. SHIVAJI AKHADE, s/o. Mr. Tukaram Akhade, Indian inhabitant, residing at 80, Vikas Colony, Landewadi, Bhosari, Pune – 411039 (hereinafter referred to as "the Promoter"</p>
Date of Agreement	29th June, 2006
Amount & type of Investment	Rs. 24.95 million - Type – Equity Shares
Purpose of agreement	<p>The Purchaser agreed to acquire 4,25,000 Equity Shares from Mr. Shivaji Akhade, for a total consideration of Rs. 24.95 million</p> <p><i>Based on the agreement 4,25,000 shares have been transferred by Mr. Shivaji Akhade to Duke Advisors Private Limited on September 04, 2006</i></p>
Parties to the Agreement	<p>DUKE ADVISORS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956, having its registered office at IndiaCo Innovation Center, 214 Navi Peth, L.B.S. Marg, Pune 411 030 (hereinafter referred to as "Purchaser", AND</p> <p>AUTOLINE INDUSTRIES LIMITED, a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company" AND</p> <p>MR. SUDHIR MUNGASE, S/o. Mr. Vitthal Mungase, Indian inhabitant, residing at "Pasaydan" @ Kelgaon, Post : Alandi, Devachi, Tal: Khed, Zilla : Pune - 412105 (hereinafter referred to as "the Promoter"</p>
Date of Agreement	29 th June, 2006
Amount & type of Investment	Rs. 24.95 million - Type – Equity Shares
Purpose of agreement	<p>The Purchaser agreed to acquire 4,25,000 Equity Shares from Mr. Sudhir Mungase, for a total consideration of Rs. 24.95 million</p> <p><i>Based on the agreement 4,25,000 shares have been transferred by Mr. Sudhir Mungase to Duke Advisors Private Limited on September 04, 2006</i></p>

Parties to the Agreement	<p>DUKE ADVISORS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956, having its registered office at IndiaCo Innovation Center, 214 Navi Peth, L.B.S. Marg, Pune 411 030 (hereinafter referred to as "Purchaser", AND</p> <p>AUTOLINE INDUSTRIES LIMITED, a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company" AND</p> <p>MRS. REMA RADHAKRISHNAN, w/o. Mr. M. Radhakrishnan, Indian inhabitant, residing at A-5, 603,Kohinoor Estate, Wakdewadi, Pune: 411003 (hereinafter referred to as "the Promoter",</p>
Date of Agreement	29 th June, 2006
Amount & type of Investment	Rs. 24.95 million - Type – Equity Shares
Purpose of agreement	<p>The Purchaser agreed to acquire 4,25,000 Equity Shares from Mrs. Rema Radhakrishnan, for a total consideration of Rs. 24.95 million.</p> <p><i>Based on the agreement 4,25,000 shares have been transferred by Mrs. Rema Radhakrishnan to Duke Advisors Private Limited on September 04, 2006</i></p>
Parties to the Agreement	<p>DUKE ADVISORS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956, having its registered office at IndiaCo Innovation Center, 214 Navi Peth, L.B.S. Marg, Pune 411 030 (hereinafter referred to as "Purchaser", AND</p> <p>AUTOLINE INDUSTRIES LIMITED, a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company" AND</p> <p>MR. VILAS LANDE, s/o. Mr. Vithoba Lande, Indian inhabitant, residing at “Vithai Niwas” Landewadi, Bhosari, Pune – 411039 (hereinafter referred to as "the Promoter"</p>
Date of Agreement	29 th June, 2006
Amount & type of Investment	Rs. 24.95 million - Type – Equity Shares
Purpose of agreement	<p>The Purchaser agreed to acquire 4,25,000 Equity Shares from Mr. Vilas Lande, for a total consideration of Rs. 24.95 million.</p> <p><i>Based on the agreement 4,25,000 shares have been transferred by Mr. Vilas Lande to Duke Advisors Private Limited on September 04, 2006</i></p>

Parties to the Agreement	<p>TS INDIA HOLDINGS, LLC, a company incorporated under the laws of Delaware having its registered office at Corporation Trust Center, 1209 Orange Street in the City of Washington, County of NewCastle (hereinafter referred to as "Purchaser" AND</p> <p>AUTOLINE INDUSTRIES LIMITED, (formerly known as Autoline Stampings Private Limited) a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company"AND</p> <p>MR. SHIVAJI AKHADE, s/o. Mr. Tukaram Akhade, Indian inhabitant, residing at 80, Vikas Colony, Landewadi, Bhosari, Pune – 411039 (hereinafter referred to as "the Promoter</p>
Date of Agreement	29 th , June, 2006
Amount & type of Investment	Rs. 25.00 million Type – Equity Shares <i>The Purchaser agreed to acquire 2,50,000 Equity Shares from Mr. Shivaji Akhade, for a total consideration of Rs. 25.00 million.</i>
Purpose of agreement	Based on the agreement 250000 shares have been transferred by Mr. Shivaji Akhade to TS India Holdings LLC on September 04, 2006
(a)Parties to the Agreement	<p>TS INDIA HOLDINGS, LLC, a company incorporated under the laws of Delaware having its registered office at Corporation Trust Center, 1209 Orange Street in the City of Washington, County of NewCastle (hereinafter referred to as "Purchaser"AND</p> <p>AUTOLINE INDUSTRIES LIMITED, (formerly known as Autoline Stampings Private Limited) a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company"AND</p> <p>MR. SUDHIR MUNGASE, s/o. Mr. Vitthal Mungase, Indian inhabitant, residing at "Pasaydan" @ Kelgaon, Post: Alandi Devachi, Tal: Khed, Zilla : Pune, (hereinafter referred to as "the Promoter",</p>
Date of Agreement	29 th , June, 2006
Amount & type of Investment	Rs. 25.00 million - Type – Equity Shares <i>The Purchaser agreed to acquire 2,50,000 Equity Shares from Mr. Sudhir Mungase, for a total consideration of Rs. 25.00 million.</i>
Purpose of agreement	Based on the agreement 250000 shares have been transferred by Mr. Sudhir Mungase to TS India Holdings LLC on September 04, 2006

Parties to the Agreement	<p>TS INDIA HOLDINGS, LLC, a company incorporated under the laws of Delaware having its registered office at Corporation Trust Center, 1209 Orange Street in the City of Washington, County of NewCastle (hereinafter referred to as "Purchaser"AND</p> <p>AUTOLINE INDUSTRIES LIMITED, (formerly known as Autoline Stampings Private Limited) a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company"AND</p> <p>MRS. REMA RADHAKRISHNAN, w/o. Mr. M. Radhakrishnan, Indian inhabitant, residing at A-5, 603,Kohinoor Estate, Wakdewadi, Pune: 411003 (hereinafter referred to as "the Promoter",</p>
Date of Agreement	29 th , June, 2006
Amount & Type of Investment	Rs. 2,50,00,000 Type – Equity Shares
Purpose of agreement	<p><i>The Purchaser agreed to acquire 2,50,000 Equity Shares from Mrs. Reema Radhakrishnan, for a total consideration of Rs. 2,50,00,000/- (Rs. Two Crores Fifty Lacs only).</i></p> <p><i>Based on the agreement 250000 shares have been transferred by Mrs. Rema Radhakrishnan to TS India Holdings LLC on September 04, 2006</i></p>
Parties to the Agreement	<p>TS INDIA HOLDINGS, LLC, a company incorporated under the laws of Delaware having its registered office at Corporation Trust Center, 1209 Orange Street in the City of Washington, County of NewCastle (hereinafter referred to as "Purchaser" AND</p> <p>AUTOLINE INDUSTRIES LIMITED, (formerly known as Autoline Stampings Private Limited) a company incorporated under the Indian Companies Act, 1956, having its registered office at T-135, MIDC, Bhosari, Pune - 411026, (hereinafter referred to as "Company" AND</p> <p>MR. VILAS LANDE, s/o. Mr. Vithoba Lande, Indian inhabitant, residing at Landewadi, Bhosari, Pune – 411039 (hereinafter referred to as "the Promoter",</p>
Date of Agreement	29 th , June, 2006
Amount & Type of Investment	Rs. 2,50,00,000 Type – Equity Shares
Purpose of agreement	<p><i>The Purchaser agreed to acquire 2,50,000 Equity Shares from Mr. Vilas Lande, for a total consideration of Rs. 2,50,00,000/- (Rs. Two Crores Fifty Lacs only).</i></p> <p><i>Based on the agreement 250000 shares have been transferred by Mr. Vilas Lande to TS India Holdings LLC on September 04, 2006</i></p>

Memorandum of Understanding (MOU)

Parties to MOU	<p>Detroit Engineered Products Inc; a Company incorporated under the Laws of MI,USA and having its Registered office at 560 Kirts Blvd., Ste 103, Troy,MI, USA (hereinafter referred to as “DEP”) and</p> <p>Autoline Industries Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at T-135, MIDC, Pune – 411026.</p>
Date of Signing of MOU	28 th August, 2006
Duration	The MOU will come into force and effect on and from 28 th August, 2006 and shall be valid for a period of six (6) months till February, 2007.
Scope of the MOU	<ol style="list-style-type: none"> Both the parties will share financial information including but not limited to Balance Sheet, Profit & Loss Account, cash flow statements, Auditors Report with each other. Both will also share their present and future business plan and policies with each other. The financial information provided by each party shall be true and correct in all material respects and will not fail to state any material facts, the omission of which would be materially misleading. The financial information should be used to arrive at a fair and final valuation of the shares of both companies using different methods of valuation. Based on the final valuation both parties will enter into negotiations for a possible merger between the two parties. Prior to the merger the business plan for DEP will be laid out and based on the requirements of the plan allocation of funds for the implementation of the plan will be codified. Post the merger either of the parties will have the option to exit based on a methodology that will be formulated every (6) six months. Each of the parties will have to give the other a notice of six(6) months in case they would like to exit.

Letter of Intent

Parties	<p>DUKE EQUITY PARTNERS INC, AND</p> <p>AUTOLINE INDUSTRIES LIMITED, (formerly known as Autoline Stampings Private Limited) (hereinafter referred to as "Company")</p>
Date	10 th July, 2006
Closure	One month from the date of LOI
Amount & Type of Investment	Rs. 1,14,81,990 Type – Equity Shares
Purpose of Letter of Intent	<p><i>The Purchaser agreed to acquire* 7,70,000 Equity Shares of the Company</i></p> <ul style="list-style-type: none"> <i>Based on letter of Intent the Company has allotted 88323 Equity Shares at Rs. 130 per share (including premium of Rs.120 per share) on 4th August, 2006.</i> <p>The LOI was valid for a period of one month and hence has lapsed on 9th August 2006.</p>

Parties to MOU	<p>1.Autoline Industries Limited, a public limited company incorporated under Companies Act, 1956 having registered office at T-135, M.I.D.C., Bhosari, Pune – 411 016 First Part;</p> <p>2.Mr. Kunju Kutty Aniyam Kutty, a Indian citizen of major age residing at Dubai, P. O. Box 43030, Dubai, United Arab Emirates, hereinafter referred to as the “Kutty Group or Mr. Kutty” Second Part;</p> <p>3.Dimensions Engineering Software Services Private Limited, a company incorporated under the Companies Act, 1956 having registered office at 112, Nila, Technopark, Trivendram, Kerala – 695 581 Third Part;</p>				
Date of Signing of MOU	28 th day of March, 2006.				
Scope of the MOU	<p>To enter into a Joint Venture to provide engineering software services.</p> <p>The said business is permissible and legal as per the relevant provisions of applicable Statutes in India from time to time.</p> <p>The parties have agreed to function through a joint venture company in which Autoline and Kutty Group shall contribute to capital in the following ratio:</p> <table> <tr> <td>Autoline</td><td>51%</td></tr> <tr> <td>Kutty Group</td><td>49%</td></tr> </table>	Autoline	51%	Kutty Group	49%
Autoline	51%				
Kutty Group	49%				

On the date of filing of this DRHP there are no outstanding rights/warrants which entitle any person to acquire further shares of the Issuer Company.

Other agreements:

We have not entered into any other agreement except in the normal course of business with its customers and suppliers

Shareholders/Financial Agreement:

We do not have any shareholder agreement other than those mentioned on pages starting from 96.

Strategic Partners:

We do not have any Strategic Partner.

Financial partners

We do not have any financial partners except for the Joint Venture company in UAE details of which are given on page 36 of this RHP..

MANAGEMENT

Board of Directors

The Board of Directors comprises of the following members.

Sr. No	Name, Designation, Father's Name, Age, Experience, Address, Qualification and Occupation	Age (Yrs)	Date of Appointment in the Company	Other Directorships
1	Mr. Vikram Bhat Non –executive Independent Director & Chairman S/o Mr.Madhusudan Bhat Flat No 11, 3 rd Floor, Symphony 80L, Jagmohandas Road, Mumbai-400006. Businessman	72	01.07.06	1.Tribune Corporate and Investment .Advisory Services Private Limited 2.Disa India Limited 3. Acrow India Limited
2	Mr. Shivaji Tukaram Akhade Managing Director S/o : Mr. Tukaram Haribhau Akhade 80, Vikas Colony, Landewadi, Bhosari – 411039 Industrialist	40	As Director from 16 th December 1996 & as MD from the same date	1. Linc-Wise Software Private Limited. 2. Western Pressing Private Limited. 3. Autoline Dimensions Software Private Limited 4. Amogh Engineers Private Limited.
3	Mr. Sudhir Vitthal Mungase Executive Director S/o : Mr. Vitthal Pandurang Mungase “Pasaydan” @ Kelgaon Post: Alandi, Devachi Tal: Khed, Zilla – Pune-410105 Industrialist	31	16.12.1996	1. Linc-Wise Software Private Limited. 2. Western Pressing Private Limited. 3. Autoline Dimensions Software Private Limited 4. Amogh Engineers Private Limited.
4	Mr. M. Radhakrishnan Joint Managing Director S/o: Late Mr. Puthenveetil Venugopal Nair A-5, 603, Kohinoor Estate Wakdewadi, Pune-411003 Industrialist	52	03.09.2001 (Joint Managing Director from October 01, 2006)	1. Linc Wise Software Private Limited. 2. Western Pressing Private Limited. 3. Autoline Dimensions Software Private Limited 4. Amogh Engineers Private Limited.
5	Mr. Gopal Gangadharrao Patwardhan Non –executive and Non-Independent Director S/o: Gangadharrao Patwardhan Miraj House, F.C. Road, Pune: 411 004 Industrialist	35	31.03. 2006	1. Indiaco Ventures Private Limited. 2. Indiaco Capital Private Limited. 3. Duke Specialty Consultants Private Limited 4. Gunika Advisors Private Limited. 5. Akula Advisors Private Limited. 6. Indiaco Duke Trusteeship Company Private Limited. 7. Duke Advisors Private Limited. 8. Girvan Management Services Private Limited 9. IndiaCo Incubation Clusters Pvt. Ltd. 10. Stakota India

6	Mr. Ajit Balkrishna Karnik Non –executive and Independent Director S/o: Late Mr. Balkrishna Narayan Karnik 505-506, Payal Apartments, Off Vari Road, Seven Bungalows, Versova, Andheri(W) Mumbai : 400061 Industrialist	58	15.06.2006	1. Aero Turbines (India) Limited
7	Mr. Vijay Kantilal Thanawala Non –executive and independent Director S/o: Mr. Kantilal Nagindas Thanawala 304-A, Deep Jyoti Co-Op Society, Veer Savarkar Marg, Naupada, Thane-400601 Professional	59	15.06.2006	1. Nova Flexipack Limited
8	Mr. Prakash Baburao Nimbalkar Non –executive and Independent Director S/o: Mr. Baburao Vithalrao Nimbalkar Flat No. B 221, 2nd floor, Vikasini CHS, Plot No. 1C, Sector No. 8B, CBD Belapur Navi Mumbai, 400614 Ex-Banker	63	15.06.2006	1. SICOM Limited 2. United Western Bank Limited
9	Mr. Abraham Koshy Non –executive Independent Director S/o: Mr. Koshy Mathai House – 409, Indian Institute of Management, Vastrapur, Ahmedabad: 380025 Professor in IIM, Ahmedabad	53	01.07.2006	1. Malayala Manorama Co Ltd 2. Deepak Cements & Chemicals Ltd
10	Mr. Stanton Joey Dodson Non –executive and Non- Independent Director S/o Mr. Joey Dodson 9701, Wilshire Blvd Suite 1000 Beverly Hills CA US – 90212 Businessman	42	01.07.2006	1. Duke Advisors Private Limited 2. Indiaco Ventures Private Limited

Brief Profile of Directors

Mr. V. M. Bhat – Chairman

Mr. Bhat has an M.A (Hons) in Economics, University of Cambridge, U.K and a B. Sc. (Hons), Bombay University. Mr. Bhat was the Managing Director - Mahindra British Telecom, Chairman – Dr. Beck & Co., Vickers India Ltd, International Instruments Ltd. and Mahindra Networks. He was also a Director of Mahindra Sintered Products Ltd, Mahindra Holdings Ltd, Mahindra Software Services Ltd, Owens Corning India Ltd. He then joined Robert Bosch GmbH in Stuttgart and worked in Chicago and Charleston in South Carolina before being posted to India as C.E.O and Commercial Director. He was with the group for 12 years. Mr. Bhat is a past president of the Bangalore Chamber of Commerce & Industry and a member of the Executive Committee of the Associated Chamber of Commerce of India and of the Development Council for Automobile and Auto Ancillaries.

Presently Mr. Bhat is a senior Advisor to the Chairman & C.E.O of the Monitor Group (USA) – a firm promoted by Michael. E. Porter. He has recently been appointed by Siemens VDO, Germany to assist them in their acquisitions, mergers and joint ventures in India.

Mr. Shivaji Tukaram Akhade, aged 40 years, is a commerce graduate having long and varied experience in trading as well as manufacturing. He looks after the day to day operations of the Company and also provides guidance to the professionals who manage the marketing function. Mr. Akhade has been providing the vision and the direction to the company since inception. Although professionals have been recruited from the

Automobile Industry for carrying out the various production activities, Mr. Akhade is fully conversant with the technicalities of the production process as a result of his experience in the early days of the firm when he himself looked after the responsibility of production.

Mr. Sudhir Vitthal Mungase, aged 31 years has been associated with manufacturing operations in the company for the past 10 years and has acquired experience in Sheet Metal Press Operations. He looks after the production and maintenance under the direct supervision and guidance of the Managing Director.

Mr. M. Radhakrishnan, aged 52 years, looks after Strategic Planning and Finance activities of the Company and works closely with the Managing Director on a day-to-day basis. Mr. Radhakrishnan is B.Sc. (Stat), LLB, DBM and CAIIB and has experience of around 23 years in the field of Development Banking and Finance having worked in various areas of project finance and rehabilitation of Industries in Industrial Development Bank of India (IDBI), and Small Industries Development Bank of India (SIDBI). He has worked in senior positions at Mumbai, Kolkata, Imphal, Pune and Ahmedabad, where he was General Manager in charge of Gujarat Region, before quitting IDBI and joining the Company on full time basis in October, 2000.

Mr. Gopal Patwardhan : is Managing Partner of Duke Equity Partners - one of the leading cross-border private equity investment firms investing in India.

An entrepreneur with experience in technology commercialization, Mr. Patwardhan acted as director of NASA's technology transfer center in Silicon Valley and successfully spun off several companies from research labs run by NASA, and the US DoD. Earlier Mr. Gopal was vice president and Chief Operating Officer of the Girvan Institute of Technology, a technology development collaborative funded by NASA, the US Air force and department of energy. Mr. Gopal has also served as the Director of Venture Development at The Enterprise Network & Ames Technology Commercialization Center (TEN)-one of USA's most successful technology-business incubators, which has successfully launched companies such as eBay, I Print and Xros Inc, among some twenty others, with a total market capitalization of \$40 billion.

He holds a degree in electronics from the University of Pune (India) and an MBA with a concentration in entrepreneurship from Santa Clara University (California).

Mr. Ajit B. Karnik aged 58 years is a Senior Aircraft Maintenance Engineer in category A, C, & X and has over 30 years of experience in the field of aircraft engineering and maintenance. Till recently he worked with The Bombay Flying Club, Air Works India, Helicopter Services Private Limited, Aero copter Services Private Limited. At Bombay Flying Club, he was responsible for the Engine Overhaul shop, maintenance and certification of the fleet aircraft, day to day maintenance and certification of customers' airplanes and helicopters. While working with Air Works India he established a separate Helicopter Division from Scratch and extended specialized services to defense helicopters. He then became a member of the Board of Helicopter Services Private Limited in the year 1987 and worked as Executive Director and Quality control Manager.

Currently he is holding the position of Chairman and Managing Director in Aero Turbines (India) Limited a Company promoted by him to establish a modern facility for undertaking Repairs and Overhaul of aircraft gas turbine engines fitted on commuter and executive airplanes as well as helicopters.

Mr. Vijay K. Thanawala aged 59 years is a commerce graduate (B.Com) and is a fellow member of the Institute of Chartered Accountants of India (FCA). He is senior partner of M/s Tandon & Thanawala, Chartered Accountants. He also has his own proprietary concern in the name and style of M/s. Thanawala & Company. He has been a practicing Chartered Accountant for the past 32 years and has vast and varied experience in the field of Audit, Taxation and Management Consultancy. Areas of practice include corporate and personal taxation, appellate work, statutory audit and management and other internal audits.

Mr. Prakash B. Nimbalkar aged 63 years is a commerce graduate and also holds a law degree (B.Com, LLB) and is Certificated Associate of Indian Institute of Bankers (CAIIB). He has over 34 years of experience with Reserve Bank of India (RBI), Industrial Development Bank of India (IDBI) and Small Industries Development Bank of India (SIDBI). He was ex- Chairman and Managing Director of SIDBI. As Chairman of SIDBI Venture Capital Limited, Mr. Nimbalkar was looking after the policy formulation, sanctions and monitoring of venture capital projects.

At RBI his responsibilities involved surveillance of commercial banks, branches of foreign banks and central /state co-operative banks engaged in agricultural finance. He participated in Annual Meetings of the Board of Governors of the World Bank Group, International Monetary Fund, Asian Development Bank and ADFIAP representing SIDBI. Currently he is on the Board of SICOM Limited, Mumbai and United Western Bank Limited.

Mr. Abraham Koshy aged 53 years is Professor of Marketing and he teaches at the Indian Institute of Management (IIM), Vastrapur, Ahmedabad 380 015. Mr. Koshy was a visiting scholar at INSEAD and Groupe ESSEC, France. He was also Visiting Professor at Groupe ESCP-EAP, Paris. Prior to this, he worked as

an Officer in a nationalized bank and subsequently became a faculty member at Cochin University of Science and Technology and at Centre for Management Development.

He is on the Board of Directors of selected companies and member of committees constituted by the Government of India as well as Industry associations. He is Consultant to national and international organizations and companies in the areas of marketing strategy, brand management, product strategy, and social marketing. His areas of research interest include product strategy, brand management and strategic marketing.

He has co-edited two books and published several case studies, chapters in books and research papers in professional journals and presented papers in national and international seminars.

Mr.Stanton Dodson

A financier and entrepreneur of technology companies around the globe, Mr. Stanton Dodson has over a decade's experience of leading public and private companies and has taken companies from start-up and growth stage to listing and IPO on stock exchanges in the US and Europe.

Former Chairman and Co-Founder of US Dataworks, a financial services company that provides payment processing solutions and processes more than 1 billion transactions annually for clients such as the U.S. Treasury, the Federal Reserve Bank, American Express, Citibank, Chevron, Bank of America and others. Mr. Dodson is a former president of Global MediaNet Corporation, where he was responsible for developing the company's joint venture to build simulation software for entrepreneurs with Harvard Business School's HBS Publications. Was Co-founder and President of Transglobal Capital Corporation, a NASD-licensed securities Broker/Dealer which funded and launched several technology and media companies.

He is currently on the Board of Directors of India Co Ventures, a World Bank funded, India based private equity and research firm that has invested in over 50 privately held companies with a combined market cap of \$300 million and on the Advisory Board of the New Zealand Innovation Fund, a \$80 million fund established to capitalize on opportunities to invest in New Zealand.

Details of Borrowing Powers

The Company at its Extra Ordinary General Meeting held on 30th January 2006, passed an ordinary resolution authorizing the Board of Directors pursuant to the provisions of Section 293(1)(d) for borrowing any sum or sums of money from time to time notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 1000 million.

Terms and conditions of appointment of Managing Director and Whole Time Directors

Name	Mr. Shivaji Akhade
Designation	Managing Director
Period of appointment	Oct. 01, 2006 to September 30, 2011
Salary	Rs. 300,000 per month (consolidated) w.e.f. October 01, 2006
Date of Approval of the terms of appointment	September 27, 2006
Authority	Shareholders

Executive/Whole time Directors

Name	Mr. Sudhir Vithal Mungase
Designation	Executive Director
Remuneration	Salary Rs. 2,50,000 per month Consolidated w.e.f. 01.10.2006
Period of appointment	Oct. 01, 2006 to September 30, 2011
Period of appointment	Continuing
Perquisites or other benefits if any	None
Appointing authority	Shareholders



Name	Mr. M. Radhakrishnan
Designation	Joint Managing Director
Remuneration	Salary Rs. 2,50,000 per month Consolidated w.e.f. 01.10.2006
Period of appointment	Oct. 01, 2006 to September 30, 2011
Period of appointment	Continuing
Perquisites or other benefits if any	None
Appointing authority	Shareholders

Remuneration Paid to Directors other than Wholetime Directors

Directors other than Wholetime Directors (namely Mr. Gopal Gangadharrao Patwardhan, Mr. Ajit Balkrishna Karnik, Mr. Vijay Kantilal Thanawala, Mr. Prakash Baburao Nimbalkar, Mr. Abraham Koshy, Mr. Vikram Bhat, Mr. Stanton Joey Dodson) are not entitled to any remuneration except for the sitting fees for attending meetings of Board of Directors or any Committee meetings of the company.

Corporate Governance

We believe in adhering to the best corporate governance practices.

Audit Committee

Our Board has constituted the Audit Committee in the meeting held on 4th August, 2006. The powers of the Audit Committee include the following:

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

The role of the Audit Committee includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors.
5. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
7. Monitoring the use of the proceeds of the proposed initial public offering of our Company
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
9. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit. Discussions with internal auditors on any significant findings and follow up there on.
10. Reviewing internal audit reports in relation to internal control weaknesses
11. Reviewing management letters/ letters of internal control weaknesses issued by Statutory auditors.
12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
13. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
15. To review the functioning of the Whistle Blower mechanism, as and when the same is adopted by the company.
16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Currently Audit Committee consists of the following Directors:

- a) Mr. Vijay K. Thanawala, Chairman – Independent, Non-Executive Director
- b) Mr. Prakash B. Nimbalkar, Member – Independent, Non-Executive Director
- c) Mr. M. Radhakrishnan, Member - Joint Managing Director

Majority of members of the Audit Committee (Two members out of total Three) are Non-Executive Independent Directors.

Remuneration Committee

The Board of Directors of the Company has at their meeting held on 4th August 2006 constituted a Remuneration Committee comprising:

- a) Mr. Vikram Bhat, – Independent, Non-Executive Director, Chairman
- b) Mr. Abraham Koshy, Independent, Non-Executive Director, Member
- c) Mr. Vijay K.Thanawala, Independent, Non-Executive Director, Member

The remuneration Committee has powers to determine the remuneration payable to managerial personnel in accordance with Section 269 read with Schedule XIII of the Companies Act, 1956 and any increments thereof. The Remuneration Committee has the powers to execute any documents or papers in connection with or in relation to payment of remuneration to the managerial personnel of the Company.

All members of the Remuneration Committee are Independent Non-Executive Directors.

Shareholders/Investor Grievance Committee

The Board of Directors of the Company have at their meeting held on 4th August 2006 constituted a Shareholders/Investors Grievance Committee comprising:

- a) Mr. Prakash B. Nimbalkar, , Independent, Non-Executive Director, Chairman
- b) Mr. Ajit B. Karnik, Independent, Non-Executive Director, Member,
- c) Mr. M. Radhakrishnan, Joint Managing Director, Member.

The Shareholders and Investors Grievances Committee is required to redress shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. and do all such acts, things or deeds incidental thereto.

Applicability and compliance of Corporate Governance Guidelines

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We have complied with provisions of clause 49 of the listing agreement with respect to the appointment of Independent Directors to our Board and the constitution of the Investor Grievances Committee. We undertake to adopt the Corporate Governance Code in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to obtaining the listing approval of the Stock Exchanges.

Shareholding of Directors

As per the Articles of Association of the company, the Directors are not required to hold any qualification shares. Details of the shareholdings of our Directors in our company as on the date of filing of this Red Herring Prospectus are given below:-

Sr. No	Name	No. of Shares held of Rs. 10/- each	Percentage of pre-issue paid up capital
1.	Mr. Shivaji Akhade	5,53,547	7.87%
2.	Mr. Sudhir Mungase	5,53,547	7.87%

Interest of Directors

Except as stated in “Related Party Transactions” on page No 136 of this Red Herring Prospectus and to the extent of shareholding in the Company the Directors do not have any other interest in the business. Except to the extent of their compensation as mentioned on page no 108 of this Red Herring Prospectus and their shareholding or shareholding of companies they represent, the Directors other than the promoters who are also directors do not have any other interest in the Company.

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

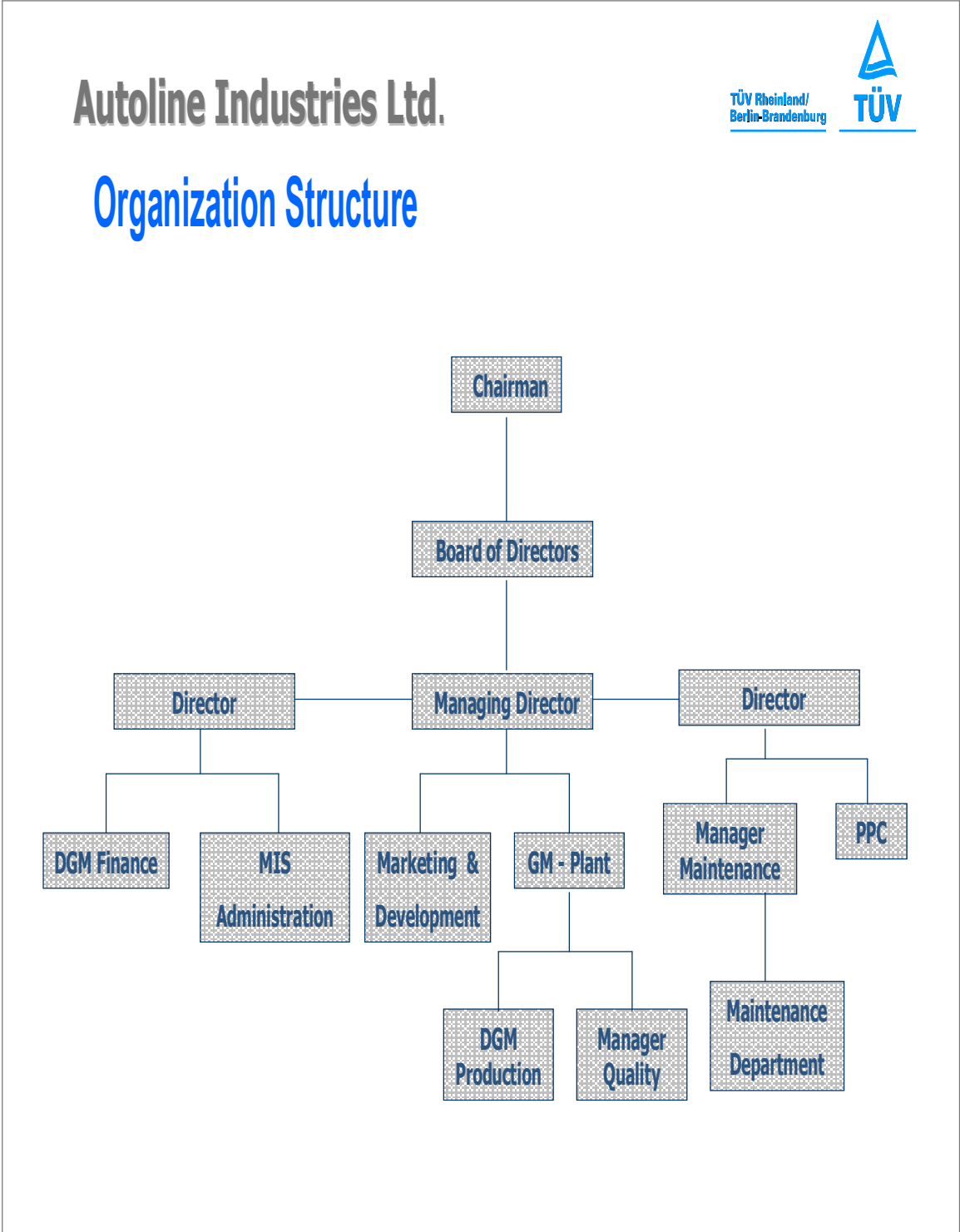
Changes in Board of Directors

The following changes have taken place during the last three years.

Sr. N o	Name	Date of change	Particulars of Change	Reasons for change if any
1.	Mr. Gopal G. Patwardhan	31.03.2006	Appointed as Additional Director	
2.	Mr. Ajit Balkrishna Karnik	15.06.2006	Appointed as Additional Director	
3.	Mr. Vijay Kantilal Thanawala	15.06.2006	Appointed as Additional Director	
4.	Mr. Prakash Baburao Nimbalkar	15.06.2006	Appointed as Additional Director	
5.	Mr. Abraham Koshy	01.07.2006	Appointed as Additional Director	
6.	Mr. Vikram Bhat	01.07.2006	Appointed as Additional Director	
7.	Mr. Stanton Joey Dodson	01.07.2006	Appointed as Additional Director	
8.	Mr. Vilas Lande	04.08.2006	Resigned from the Board and appointed as Chairman Emeritus	Unable to give time due to other preoccupations

OUR MANAGEMENT & ORGANISATION STRUCTURE

Our Management Organization Structure is presented in the following chart:-



Key Managerial Personnel

The details of key managerial personnel are as follows:

S. No	Name	Designation	Qualifications	Functional area	Experience (Yrs)	Date of Appointment	Details of Previous Employment
Chakan Unit I and II							
1.	Mr. S.M. Dasgupta	G.M. (Chakan – Unit II)	B. Com.	Project Management	33 Years	22.01.99	27 Years in TELCO- Sr. Engg.
2.	Mr. R.D. Dhas	Plant-in-Charge (Chakan – Unit I)	NCTV T	Production	19 Years	01.12.96	1 Year – Mahindra Ugine – QC Insp
3.	Mr. K. Hiremath	Dy. G.M.	B.E., D.Q.S.	Load Body Incharge	18 Years	01.01.05	2 Years – Krishna Fabricators
4.	Mr. G.V. Rangaraju	Sr. Manager	N.T.T. F.	Tool Room	17 Years	07.05.01	1 Yr. – Dyna-K – Sr. Mgr.(Tool Room)
5.	Mr. A. Satyanarayan	Project Manager	D.M.E.	Maintenance-in-Charge	33 Years	03.05.03	25 Yrs – HMT – Manager
6.	Mr. Rajan M.	Comm. Mgr.	B.A., DBM	Commercial	25 Years	01.04.04	1 Yr – Shree Padma Balaji Alloys – Mgr; 24 yrs in Doha, Qatar
7.	Mr. Faiyaz Kashi	Sr. Mgr. Development	D.I.E.	Development	8 Years	18.03.03	4 Yrs – A.S. Industries – Plant-in-Charge
8.	Mr. K. S. Moholkar	Asst. Manager – Maint.	B.E. (Mech)	Elect. Maint.	4 Years	01.02.06	4 Years – Super Auto Ltd.
9.	Mr. Rawade Ashok	Mgr – HR	B.Sc., MPM, B.Lib, I.Sc.	HRD	14 Years	21.08.06	14 Years – Kinetic Eng. Ltd.
10.	Mr. Gaikwad D.D.	Head – Marketing	D.M.E., M.M.S.	Marketing	10 Years	02.06.06	10 Years – Suyas Auto Press Asslys Pvt. Ltd.
11.	Mr. Siddhapure Upendra R.	Head – Production	D.M.E.	Production	30 Years	15.04.06	30 Years – Kailash Vahan Udyog Ltd.
Bhosari – T Block							
1.	Mr. S.M. Dewadkar	Plant-in-Charge (Materials)	B.E.	Purchase	10 Years	01.10.96	First Employment
2.	Mr. Y.H. Ghodekar	Plant-in-Charge	DME	Production	7 Years	16.09.99	Patheja Forgings Ltd.
3.	Mr. Chalke S.G.	Manager – Excise	B.Com. ; DPT	Excise & Systems	9 Years	15.06.96	1 Yr – Kirloskar Oil Engines Ltd. – Trainee
4.	Mr. S. Satpute	Dev. & Mktg. Mgr.	DME, AMIE	Marketing	10 Years	02.01.99	2 Yrs – Hindustan Pressing
5.	Mr. Yogesh Bhosale	Mgr – QA	B.E., MBA	Quality	6 Years	12.02.05	1 Yr – Micron CNC Machine P. Ltd. – Mgr QA
6.	Mr. A.S. Bali	Head - Maintenance	NCTV T	Maintainence of M/c.	15 Years	01.08.01	4 Yrs - Gange Pressing Pvt. Ltd.
7.	Mr. B. Manoj	Dy. Manager	DME	Production	4 Years	10.11.02	First Employment
8.	Mr. S.M. Ghadge	Mgr – HR	MLL, LLB	HRD	10 Years	19.03.01	3 Yrs – Intech Minilec Group - P.&A. Off.

9.	Mr. Vipin Agarwal	Manager Marketing	B.E.	Marketting	8 years	15.08.06	2 yrs in JBM Auto, 4 yrs in JCBL Ltd 4 yrs in HMM Coaches Ltd
10.	Mr. Ashutosh Kulkarni	Company. Secretary	CS LLB	Secretarial	2 Years	06.01.06	1 Yr – Ashoka Infrastructure Ltd – CS
11.	Mr. Francis Barretto	Manager Secretarial	B.Com. ,	Secretarial	24 Years	15.08.06	11 yrs SSSL Group 13 yrs Sudarshan Chemical Ind Ltd
Kudalwadi/Jadhavwadi							
1.	Mr. Ashif Shaikh	Plant-in-Charge (Kudalwadi)	BE (Prod)	Production	16 Years	01.08.04	4 Yrs – R R Industries
2.	Mrs. Rema Radhakrishnan	Manager Admin	B.A.	Administra-tion	10 years	01.05.03	10 yrs as Teacher
3.	Mr. S. Kasture	Plant-in-Charge (Jadhavwadi)	B.E. (Mech)	Production	5 Years	15.01.06	7 months – Unique Corporate – Service Eng.
4.	Mr. Dilip Kand	Accounts Officer	B.Com.	Accounts	13 Years	10.05.00	2 Yrs – Patheja Forgings Ltd.
Western Pressing							
1.	Mr. M K Chakraverty	Chief Executive Officer	DME	Unit In-Charge	17 Years	06.12.04	4 Yrs as General Manager, Sawalka Group of Cos.
2.	Mr. G. S. Nair	Vice President	M. Com.	Finance	19 Years	22.03.88	Anand Tyre Retreading Ltd.
3.	Mr. J.S. Shinde	Manager – Stores	B. Com.	Stores	20 Years	05.12.87	Bajaj Tempo Ltd.
4.	Mr. V.B. Edake	Manager – Administration	B. Com.	Personnel/ Admin.	17 Years	17.04.89	M.R. Shah Tax Consultant
5.	Mr. G. J. Avhad	Dy. Manager – Production	NCTV T	Production	17 Years	11.10.91	Shree Sant Dyaneshwar Industry
6.	Mr. R. Sen	Manager-QC	SSC	Quality	35 Years	21.12.04	Tata Motors Ltd.
7.	Mr. V.K. Ambore	Sales Officer	DME	Marketing	10 Years	28.04.06	10 Years – Force Motors

Brief particulars of Key Managerial Personnel

CHAKAN UNITS I & II

1. Mr. Subhash Dasgupta, General Manager-Projects (Chakan Unit-II)

Mr. Subhash Dasgupta is the In-Charge of Project Management and responsible for erection and commissioning of new projects presently being set up at Autoline Industries Limited (AIL), Chakan- Unit II. He is an experienced Engineer having an experience of 27 years in Auto Industry. He was instrumental in setting up Plant and Machinery of Chakan New Unit. Before joining AIL, he was working with Tata Motors (TELCO) for 27 years in various engineering jobs after joining as an Apprentice under their Direct Recruitment Scheme.

2. Mr. R.D. Dhas, Plant-In-Charge, (Chakan Unit-I)

Mr. R.D. Dhas, qualified as Tool Designer, is Plant-In-Charge of Chakan Unit-I. He has vast experience of 19 years in auto industry. He has worked in Mahindra Group of Companies. He is well versed with Production, Quality Control, Customer Care, etc.

3. Mr. Kashinath Hiremath, Dy. General Manager-ACE Load Body

Mr. Hiremath is a B.E., Mechanical Engineer with Diploma in Quality Systems having 18 years vast experience. He is In-charge of Load Body Mfg. at Chakan Unit. He was formerly employed with Krishna Fabricators, a leading Load Body Manufacturer.

4. Mr. G.V. Rangaraju, Senior Manager, Tool Room

Mr. Rangaraju, qualified in Tool Design and Manufacturing area, is in charge of Tool Room and Tool maintenance. He has vast experience of 17 years in automobile industry with specialization in Tool and Die making. He joined AIL in the year 2001 and prior to that was working with Dyna-K, Automotive Stamping Pvt. Ltd., suppliers to Maruti Udyog Ltd.

5. Mr. A. Satyanarayan, Project Manager, Maintenance In-Charge

Mr. Satyanarayan is a very senior, key person in the Management team having 33 years experience in the Machine Tool Industry. He is instrumental in installing imported press machines of the Chakan Unit II. He is also in-charge of Maintenance of Heavy Press Machines.

6. Mr. Manavazhi Rajan, Commercial Manager

Mr. Rajan is BA, DBM and having 25 years experience in the commercial field. He is an expert in Customer Support, liason work and co-ordination with customers. He has joined AIL on 1st April, 2004. Prior to that he was working with Shri Padma Balaji Alloys as a Manager and previous to that for 24 years in Doha, Qatar.

7. Mr. Faiyaz Kashi, Senior Manager- Development

Mr. Faiyaz holds a Diploma in Industrial Engineering. He has 8 years experience in development of new products. He joined AIL on 18th March, 2003. Prior to his present employment, he was working with A.S. Industries. He is instrumental in developing new products of the company and setting up new lines under the direction of Mr. Murthy. He has successfully developed new products from concept to delivery, including setting up the facility.

8. Mr. Siddhapure Upendra R. - Production Head

Mr. Siddhapure is Diploma Mech. Engineering. He is In-charge of Production of Tippers and heavy load bodies in the Chakan Plant Unit-II. He has experience of 28 yrs in engineering in other industries. Prior to his joining AIL, he was employed as Works Manager for 2 Yrs in Sun Orange Enterprises Pvt. Ltd.

9. Mr Gaikwad Deepakkumar Devidasrao - Manager Operation

Mr. Gaikwad is Manager Operation in our Chakan Unit-II. He holds a Diploma in Mech. Engineering with MMS/MBA. He has 6 Yrs Experience in the Sheet metal industry. Prior to joining AIL he was working as Asst. Manager (Works) in Suyash Auto Press Assly. Pvt Ltd.

10. Mr Rawade Ashok Bhausaheb - Manager HR

Mr. Rawade is In-charge of HR Dept of Chakan Plant. He is a post graduate with B.sc., B.Lib. I. Sc. and MPM qualifications. He has previously worked in Kinetic Engineering Ltd. for 14 yrs in the Administrative Department.

11. Mr K.S. Moholkar - Assistant Manager Maintenance

Mr Moholkar is In-charge of Electrical Maintenance Department. He has graduated as a B.E. Mech. Engineer. Prior to joining AIL, he was in employment with Super Auto Ltd.

T-135 BLOCK, Bhosari

1. Mr. S.M. Dewadkar,(Plant Incharge Materials)

Mr. Dewadkar is B.E. (Mechanical) having experience of 10 years. He has been with AIL since inception and responsible for procurement of raw materials and development of vendors.

2. Mr. Yogesh Ghodekar, Plant In-Charge(Production)

Mr. Ghodekar is Plant In-Charge of T-Block Unit and responsible for production and quality control. He is

a D.M.E. having 7 years experience. Prior to joining AIL, he was working with Patheja Forgings Ltd. for one year as production engineer.

3. Mr. S.M. Ghadge, HR Manager

Mr. Ghadge holds a Masters in Labour Law and Bachelor in Law. He has vast experience of over 10 years in the Human Resources Department. He is working with the company since 19th March, 2001. Prior to that he was working for Intech Minilec.

4. Mr. Sanjay Chalke, Manager, Systems & Excise.

Mr. Chalke has been with the company since inception. He is B.Com, DPT. He is in charge of communication systems and excise department. Prior to joining AIL he was working with Kirloskar Oil Engines Ltd. for one year as Trainee.

5. Mr. Satish Satpute, Manager, Marketing

Mr. Satpute is DME and AMIE with 10 years experience in Marketing and Product development. Prior to working with AIL, he was working with Hindustan Pressing for two years in Quality Assurance Department and has successfully developed new products from drawings (given by OEMs) to final delivery under the direct supervision of M.D.

6. Mr. Yogesh Bhosale, Manager, Quality Assurance.

Mr. Bhosale is B.E. (Mechanical) with Masters degree in Business Administration. He is having 6 years experience in quality assurance department. Prior to joining AIL, he was working with Micron CNC Machines Pvt. Ltd. as Quality Assurance Manager for one year.

7. Mr. A.S. Bali, Head – Maintenance

Mr. Bali is in charge of Manintenance and Tool Room Department. He is having 15 years experience in Tool Room and Maintenance. Prior to joining AIL, he was working with Ganage Pressing Pvt. Ltd. for four years.

8. Mr. Manoj Bahiswar, Deputy Manager, Production

Mr. Bahiswar assists Mr. Yogesh who is in charge of Production. He holds a Diploma in Mechanical Engineering and has 4 years experience, since he joined the Company after his Diploma.

9. Mr. Vipin Agarwal, Manager Marketting is B.E. (Mechanical) and has about 8 years experience in marketing .

10.Mr. Ashutosh Kulkarni, Company Secretary

Mr. Ashutosh Kulkarni is in charge of all secretarial matters concerning Company Law, SEBI, Registrar of Companies, etc. He is a qualified Company Secretary & LLB with 2 year experience. Prior to joining AIL, he was working with Ashoka Infrastructure Limited for one and a half years as Company Secretary.

11. Mr. Francis Barretto Manager Secretarial

Mr. Francis Barretto is a commerce graduate looking after Secretarial matters in the Secretarial department. Before joining us he has worked with Sai Services Station Ltd for 11 years as Manager, Secretarial and 13 years in Sudarshan Chemical Industries Ltd looking after Secretarial matters

KUDALWADI/JADHAVWADI

1.Mr. Ashif Sheikh, Plant In-Charge(Kudalwadi)

Mr. Sheikh is a Bachelor in Engineering with specialization in Production. He is responsible for Production, Quality, Maintenance and Despatch. He is having 16 years experience in the industry. Prior to joining AIL he was working with R.R. Industries for four years as Production In-Charge.

2. Mrs. Rema radhakrishnan, is an Arts Graduate and has been looking after Administration functions from May 2003.

3. **Mr. Santosh Kasture, Plant Manager(Jadhavwadi)**

Mr. Kasture holds a degree in Mechanical Engineering. He is responsible for Jadhavwadi unit concerning Production, Quality Control and Maintenance. He is having 5 years experience. Prior to joining AIL, he was working with Unique Corporates for seven months as Service Engineer.

4. **Mr. Dilip Kand, Accounts Officer**

Mr. Dilip Khand is a Commerce Graduate with 13 years experience in Accounts. He looks after all banking transactions of the company. Prior to joining AIL, he was working with Patheja Forgings Ltd.

WESTERN PRESSING F-II/ 24,25 MIDC, PIMPRI, PUNE-18

1) **Mr. M.K. Chakraverty: Chief Executive Officer:**

Mr. Chakraverty is overall incharge of Autoline Unit No. 4 situated at 24/25 F 2 Block Pimpri Pune – 18 and has vast experience of 15 years in the automobile industries. Mr. Chakraverty has excellent contacts and rapport with Tata Motors and other automobile industries in India and Abroad. Prior to joining Autoline Industries Unit 4 (formerly Western Pressing Pvt. Ltd.) he was working with Sawalka Group Of Companies - Kolkata as General Manager for 4 years.

2) **Mr. G.S. Nair : Vice President Finance:**

Mr. Nair is Post Graduate in Commerce and overall incharge of Finance Department. He has got a vast experience of 17 years . Prior to joining Autoline Industries he was working with Anand Tyre rethreading Limited.

3) **Mr. J.S. Shinde : Manager Stores :**

Mr. Shinde is a Commerce Graduate and incharge of Stores. He is controller of inventory of raw material and finished stock. He has vast experience of 18 years in material management. Prior to joining Autoline Industries he was working with Walchandnagar Industries.

4) **Mr. Vinay Edake : Manager Administration :**

Mr. Edake is Commerce Graduate having experience of 16 years in Accounts and Administration. Prior to joining Autoline Industries he was working with M/s M.R. Shah Tax Consultants as Accountant.

5) **G.J. Avhad : Deputy Manager Production :**

Mr. Avhad is having 14 years experience in production. He is expert in welding technology. Prior to joining Autoline Industries he was working with Shri Sant Dyaneshwar Industries.

6) **Mr. R. Sen : Manager Quality Control :**

Mr. Sen is ex employee of Tata Motors and having vast experience of 35 years in quality control. He has good contacts in Tata Motors and other Tata group of Companies.

7) **Mr. V.K. Ambore : Sales Officer :**

Mr. Ambore is incharge of sales Department. He has experience in automobile industries. He is diploma in Mechanical Engineering. He is well Conversant with Sale and Marketing of automobile components. Prior to joining Autoline Industries he was working with S.M Auto Industries Pune in marketing Department.

Bonus or Profit Sharing Plan for Key Managerial Personnel

There is no bonus or profit sharing plan for Key Managerial Employees. The key managerial personnel of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Interest of Key Managerial Personnel

Our key managerial personnel do not have any interest in our company except to the extent of remuneration or benefits to which they are entitled to as per the terms of their appointments and reimbursement of expenses incurred by them during the ordinary course of business.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreement

or arrangement during the preceding 2 years from the date of this Red Herring Prospectus in which the key managerial personnel 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.

Shareholding of Key Managerial Personnel in the Company

None of the Key Managerial Personnel hold any Equity Shares of the Company in their personal capacity as at the date of this Red Herring Prospectus.

Changes in Key Managerial Employees during the last one year

There have been no changes in key managerial personnel during the last one year except resignations as detailed below and appointments made by the Company as mentioned in the table for key managerial personnel.

Name	Designation	Date of Joining	Date Of leaving	Reasons of Leaving
Mr. S.R. Kakade	Dy. Gen. Mgr Finance	8.6.04	17.3.06	Personal reasons
Mr. Sandeep Shah	Plant Incharge, Jadhavwadi Unit	9.3.05	17.10.05	Better prospects
Mr. Vijay Kadam	Manager - Maintenance	18.01.05	16.06.06	Personal reasons
Mr. Raju B. Shaikh	Manager - HR	19.09.04	16.08.06	Personal reasons
Mr. G.J.Tulsani	Head, HR & Legal	01.04.06	10.09.06	Personal reasons
Mr. R.V.Murthy	GM, Project	13.10.04	26.09.06	Personal reasons

Disclosure Regarding Employee stock Option Plan

The Company has not issued shares to its employees and does not have a scheme of Employee Stock Option Plan (ESOP)

Employees


As on 31 August 2006 we had a total manpower strength of 1557 personnel as per details tabulated below:-

Sr No	Employee Category	Manufacturing Facilities				
		T Block Bhosari	Kudalwadi & Jadhavwadi	Chakan Unit I & II	Western Pressings F-II Block	Total.
1	Manager (M)	9	5	12	5	31
2	Executive (E)	16	21	15	12	64
3	Supervisor (S)	16	15	67	11	109
4	Shop Floor Operator (SFO)	128	128	575	37	868
5	Worker (W)	87	107	297	25	516
	TOTAL	256	276	966	90	1588

OUR PROMOTERS


We were originally promoted by Mr. Shivaji Akhade, Mr. Sudhir Mungase, Mrs. Rema Radhakrishnan, and Mr. L.P. Chauhan. Mr. Vilas Lande also joined subsequently as one of the promoters at the time of incorporation of Autoline Stampings Pvt. Ltd. in December 1996. Mr. L.P. Chauhan divested his holdings in the company in the year 1999. Mr. M. Radhakrishnan joined as a promoter in October 2000. Subsequently Mrs. Rema Radhakrishnan resigned from Directorship but continues to be one of our major shareholders and also takes active interest in the successful running of our operations.

1. Mr. Vilas Vithoba Lande

	Bank Account	A/c No.1*74821,Punjab National Bank, Branch, Pune-
	Voter ID	NA
	Driving License	82/2822/POR
	PAN No	ABLPL7834P
	Passport No.	E7799984

Mr. Vilas Lande, aged 46 years, has experience in business activities like Hotel, Construction, Transportation etc. He is also a sitting MLA from Haveli Constituency, Dist Pune and was the Mayor of Asia's Richest Municipal Corporation, viz. Pimpri-Chinchwad Municipal Corporation during 1993-94. He is the Chairman of the Board of Trustees of Rajmata Jijau Shikshan Prasarak Mandal. Mr. Vilas Lande is a very popular public representative and an authority in matters relating to labour welfare. He relinquished the Directorship in August 2006 but continues to be Chairman Emeritus. Mr. Vilas Lande is not involved in day-to-day working of the Company except for professional services in areas related to labour welfare.

2. Mr. Shivaji Tukaram Akhade


	Bank Account	A/c No.25800100000205, Bank of Baroda, SSI Branch, Pimpri, Pune-
	Voter ID	NA
	Driving License	MH-14-590-C-2563
	PAN No	AARPA2434P
	Passport No.	A5273863

Mr. Shivaji Tukaram Akhade, aged 40 years, is a commerce graduate and has been looking after the day to day affairs of the Company including production, marketing & commercial aspects directly under a professional team. Besides he exercises overall direction and control as Managing Director of the company since inception. He is fully conversant with the technicalities of the production which are being managed by experienced professionals recruited from the Automobile Industry. The Company has achieved massive growth from Rs.1.1 million during 1995-96 to Rs. 1250 million in 2005-06 due to his Vision, Entrepreneurial qualities, Hard and Dedicated efforts and Dynamic leadership.

Mr. Akhade is also one of the Founding Trustees of the Rajmata Jijau Shikshan Prasarak Mandal, Pune which runs a Post-graduate College affiliated to Pune University.


3. Mr. Sudhir Vitthal Mungase

Mr. Sudhir Vitthal Mungase, aged 31 years has experience in Sheet Metal Press Operations. He is looking after the production and maintenance of the Company's operations under the direct supervision and guidance of the Managing Director.

	Bank Account	A/c No.25800100000206, Bank of Baroda, SSI Branch, Pimpri, Pune
	Voter ID	NA
	Driving License	MH14/1-2000/BC-606
	PAN No	AAVPM0793K
	Passport No.	A7108496

Mr. Mungase is also one of the Founding Trustees of the Rajmata Jijau Shikshan Prasarak Mandal, Pune which runs a Post-graduate College affiliated to Pune University.

4. Mr. M. Radhakrishnan

	Bank Account	A/c No.0131057216500, IDBI Bank Ltd, F.C.College Road Br, Pune-411004
	Voter ID	NA
	Driving License	57412/W dated 11.1.1986
	PAN No	ACZPM3966G
	Passport No.	F6444399

Mr. M. Radhakrishnan, aged 52 years, looks after Strategic Planning and Finance activities of the Company and works closely with the Managing Director on a day-to-day basis. Mr. Radhakrishnan is B.Sc. (Stat), LLB, DBM and CAIIB and has experience of around 23 years in the field of Development Banking and Finance having worked in various areas of project finance and rehabilitation of Industries in Industrial Development Bank of India (IDBI), and Small Industries Development Bank of India (SIDBI).

He has been instrumental in taking the company's turnover from around Rs. 170 million to the current levels of over Rs. 1250 million through strategic planning, strategic investments, mergers and acquisitions. As over all in charge of the financing activities he has been able to structure and mobilize finances for all our growth requirements from time to time at advantageous terms and lowest possible costs.

At the time of joining us, Mr. Radhakrishnan had around 23 years experience in the field of Development Banking and Finance. He has worked in various areas of project finance, monitoring, follow up and rehabilitation of Industries in Industrial Development Bank of India (IDBI), and Small Industries Development Bank of India (SIDBI) . He has worked in senior positions at Mumbai, Kolkata, Imphal, Pune and Ahmedabad, where he was General Manager in charge of Gujarat Region, before quitting the Bank and joining the Company on full time basis in October, 2000.

As General Manger on deputation to Manipur Industrial Development Corporation from IDBI during 1986 to 1989, contributed to Industrial Development in the far flung N.E. State of Manipur and set up appraisal and financial management systems for the State Government owned Corporation. He also set up many joint venture projects by introducing entrepreneurs from other states.

He was awarded the best Entrepreneurial Banker Award for 1996-97 by Entrepreneurs International for his contribution to development & innovative financing of Small Scale Industries (SSI) units in Pune region.


International Exposure and Trainings

- Course at Harvard University, U.S.A. on "Financial Institutions for Private Enterprise Development" in June 1995.
- " Network Marketing" at Sydney & Canberra, Australia in July 1996.

- " International Factoring" at Hong Kong in October 1998.
- Extensive Exposure to the U.A.E., Dubai, market having visited about 6 times in 2000 & 2001.

Mr. Radhakrishnan is also one of the Founding Trustees of the Rajmata Jijau Shikshan Prasarak Mandal, Pune which runs a Post-graduate College affiliated to Pune University.

5. Mrs. Rema Radhakrishnan

	Bank Account	Bank of Baroda, SSI, Pimpri Branch, Pune Saving Bank A/c. No. 100000531
	Voter ID	-
	Driving License	-
	PAN No	ACDPR0714R
	Passport No.	A6783165

Mrs. Rema Radhakrishnan, wife of Mr. M.Radhakrishnan is one of the original promoters of our company. Mrs. Radhakrishnan is a graduate in Arts and was a Teacher prior to promoting the company.

Other ventures of our promoters

The following companies have been promoted by our promoters

1. Linc Wise Software Pvt. Ltd. Registered Office: T-135 MIDC Bhosari, Pune

Constitution	: Private Limited Company
Date of incorporation	11 th October 1996 Regn No. 11-103240
CIN	U72200PN1996PTC014624
Listing	Unlisted
Board of Directors	1. Mr. Vilas Lande 2. Mr. Shivaji Akhade 3. Mr. Sudhir Mungase 4. Mr. M. Radhakrishnan

Main Objects as per Memorandum & Articles of Association of the Company:

To develop, export, import, stock, fabricate, process, micro process and deal in all types of electronics, computers, software, peripherals, hardware, information and communication equipment, communication technology, digital and analog system.

Nature of activities presently being carried on :

The company is presently not carrying on any activity and the income of Rs. 0.92 million earned during 2005-06 was dividend received on investment in equity shares of Autoline Industries Limited.

Brief Audited Financials for the last three years

(Rs. in Millions)			
Particulars	31.03.2006	31.03.2005	31.03.2004
Sales & Other Income	0.92	18.46	1.33
PAT	(0.01)	14.48	(3.17)
Equity Capital	9.20	9.20	9.20
Share Application Money	0.10	0.10	0.19

2. Amogh Engineers Pvt. Ltd. Registered Office: 722, Manik Baug, Vadgaon (BK), Pune: 411051

Constitution	: Private Limited Company
Date of Incorporation	: 10.04.2001 Regn No. 25-16043
CIN	: U35914PN2001PTC016043
Listing	: Unlisted

Board of Directors

1. Mr. Shivaji Akhade
2. Mr. M. Radhakrishnan
3. Mr. Sudhir Mungase
4. Mrs. Mohini Lande

Nature of activities presently carried on: The company is not presently carrying on any activities and **brief** financials are given below:-

Brief Financials as per audited financial statements

(Rs. in Millions)

Particulars	31.03.2006	31.03.2005	31.03.2004
Sales & Other Income	0.08	2.58	2.74
PAT	(0.03)	1.47	(0.02)
Equity Capital	0.10	0.10	0.10

Promoters' Interests and Common Pursuits

Our promoters have no other interest in our company save and except as detailed below:

- (a) Remuneration paid for services rendered as per the rules of the company
- (b) Their shareholding in our company
- (c) Sitting fees and or reimbursement of expenses paid to promoter Directors for attending meetings of the Board or any Committee as per rules of the company

The details of payments made are provided under Related Party Transactions on page No. 136 of this Red Herring Prospectus.

There has not been transactions with any group companies of the total value exceeding 10% of the value of sales of the Issuer company.

No part of the issue proceeds of this issue is proposed to be utilized for payment to any promoter or acquisition of any interest in any group company.

The promoters have entered into an agreement with T S India Holdings, LLC USA, for providing advisory services on Automotive Sector in general as well as investment opportunities in the Sector for a period of 15 months from July 2006. Remuneration for the same is payable by an Rupee equivalent amount of USD 1,000 (consolidated).

Except as stated above and in the Related Party Transactions on page 136 of this Red Herring Prospectus and to the extent of shareholding in our company, the promoters do not have any other interest in our business. Our promoters, as shareholders, have significant shareholding in our company. For the rights of our shareholders, please see page 216 detailing the main provisions of the Articles of Association.

Except as stated above there are no common pursuits among our Company and our promoters and Group/Associate Companies.

Companies from which our Promoters have disassociated in the last three years

There are no companies from which our Promoters have disassociated themselves during the past three years:

Listing of group companies

None of our group companies are listed on any stock exchange or have made any public or rights issues in the preceding three years.

Sick companies within the group

None of the companies in our group is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act 1985 or are under winding up or have any BIFR proceedings initiated against them.

Losses incurred by group companies

Except as stated on page 122 in the case of Linc-Wise Software Pvt.Ltd and Amogh Engineers Pvt.Ltd. – companies promoted by promoters and which are not carrying on any activity none of the group companies has suffered a loss in the financial year ended 31.03.2006..

Defunct companies within the group

None of our group companies has been struck off from the records of the Registrar of Companies as a defunct company.

Related Party Transactions

For details of related party transactions please refer to the section titled “Financial Statements” on page no. 137 in this Red Herring Prospectus.



Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and approved by the shareholders, at their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Details of dividend declared by the Company for the last five years are as under

Financial Year	Rate of dividend
2001-2002	-
2002-2003	-
2003-2004	-
2004-2005	5%
2005-2006	18%



The Board of Directors,
Autoline Industries Limited
T-135, MIDC, Bhosari,
Pune - 411026.

Dear Sirs,

Sub: Auditor's Report As Required By Part II Of Schedule II Of The Companies Act, 1956

We have examined the Restated Financial Information of M/s Autoline Industries Limited as attached to this report and initialed by us for identification.

The said restated financial information has been prepared in accordance with the requirements of:

1. paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 (the 'Act');
2. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ("SEBI") from time to time;
3. request dated 18.07.2006 received from the Company to carry out work in connection with the offer document being issued by the company in connection with its Initial Public Offering (IPO) of Equity Shares (referred to as "the issue"). The financial information has been prepared by the Company and approved by the Board of Directors of the Company in the meeting held on 18.07.2006.
4. the Guidance Note on Reports in Company Offer Document and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India ('ICAI')

The company proposes to make an IPO for a fresh issue upto 50,00,000 equity shares having a face value of Rs.10 per equity share at an issue price as may be decided by the Board of Directors, to be arrived at by the 100% book building scheme.

A. Financial Information as per the audited financial statements :

We have examined the attached Restated Summary Statements of Assets and Liabilities of the Company as at March 31, 2002, 2003, 2004, 2005, 2006 and for the period ending on 30.11.2006 (**Annexure I**) and the Restated Summary Statements of Profits & Losses for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and for the period ending on 30.11.2006 (**Annexure II**) after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies as appearing in and notes to the summarize financial statement appearing in (**Annexure – III**) to this report.

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

- a) The restated profits have been arrived at after charging all expenses including depreciation and after making adjustments and regroupings as in our opinion are appropriate in the years to which they relate, as stated.
- b) There are no qualifications in the auditors' report that require any adjustment to the restated summary statements.
- c) There are no extra ordinary items that need to be disclosed separately in the restated summary statements.

B. Other Financial Information:

We have examined the following restated financial information relating to the company proposed to be included in the Red Herring Prospectus, as approved by the Board of Directors and annexed to this report:

- Summary of accounting ratios as stated vide **Annexure V** to this report.
- Statements of Tax Shelter vide **Annexure VI** to this report.
- Statements of Dividend paid vide **Annexure VII** to this report.



- Capitalization statement of the Company as at ***November 30, 2006*** as stated vide **Annexure VIII** to this report
- Cash flow statements as restated vide **Annexure IX** to this report.

In our opinion the restated financial information of the Company, attached to this report as mentioned in Paragraphs A and B above, read with respective significant accounting policies in **Annexure III** and significant notes as stated in **Annexure IV** to this report, and after re-grouping 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 Offer document in connection with the specific 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 GUJAR RAWAT SHETH & ASSOCIATES
Chartered Accountants

(Vinit Rawat)
Partner
M. No. 45294

Place: Pune
Date: 20.12.2006

AUTOLINE INDUSTRIES LIMITED (STAND ALONE)
STATEMENT OF ASSETS AND LIABILITIES (Restated)
(Rs. In Millions)

AS AT	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
ASSETS						
Gross Block	427.01	427.01	356.06	233.48	169.88	141.46
Less: Accumulated Depreciation	91.34	73.62	51.66	36.52	25.73	17.35
Less: Revaluation Reserve	2.03	2.63	3.52	4.42	5.32	6.22
Net Block	333.64	350.76	300.88	192.54	138.83	117.89
Capital Work in Progress	371.65	173.89	4.65	17.95	19.17	11.69
Investments	26.22	26.54	6.21	6.21	8.71	5.71
Current Assets, Loans & Advances						
Cash & Bank Balance	0.60	1.62	1.00	0.16	(1.19)	2.48
Inventories	184.88	127.11	94.65	75.14	44.05	39.89
Sundry Debtors	124.95	57.63	27.77	19.73	10.80	17.56
Loans & Advances	49.59	42.08	22.09	11.88	11.76	7.87
Sub Total	360.03	228.44	145.51	106.91	65.42	67.80
Liabilities & Provisions						
Secured Loans	310.55	312.79	216.91	178.21	99.15	88.23
Unsecured Loans	272.33	111.57	82.38	26.60	27.57	28.32
Current Liabilities & Provisions	209.85	142.72	70.66	47.81	48.68	51.11
Total Liabilities	792.72	567.08	369.95	252.62	175.40	167.66
Networth	298.82	212.55	87.30	70.99	56.73	35.43
Represented By:						
Share Capital	70.34	69.45	60.14	40.09	39.59	32.09
Reserves & Surplus	219.57	134.77	20.04	25.05	16.01	11.05
Less: Revaluation Reserve	2.03	2.63	3.52	4.42	5.32	6.22
Share Application Money	11.61	11.61	11.61	11.56	7.90	-
Less: Misc. Expenditure	0.65	0.65	0.97	1.29	1.45	1.49
Total	298.82	212.55	87.30	70.99	56.73	35.43

Note: The above statement should be read with the Notes on Adjustments and Significant Accounting Policies for restated financial statements as appearing in Annexure-IV to this Report.

AUTOLINE INDUSTRIES LIMITED (STAND ALONE)
STATEMENT OF PROFIT & LOSSES (Restated)

(Rs. in Millions)

RESTATED PROFIT & LOSS A/C FOR AUTOLINE INDUSTRIES LIMITED						
	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
INCOME						
Sales:						
Sales of products manufactured	1,182.81	1,113.26	684.82	510.81	272.93	212.47
Less: Excise Duty	-	-	-	-	-	-
Other Income	0.88	0.96	1.10	1.09	1.13	0.89
Increase/ Decrease in Stock	57.77	32.46	19.50	31.09	4.16	13.94
Total	1,241.46	1,146.68	705.42	542.99	278.22	227.30
EXPENDITURE						
Raw Material	753.27	642.44	461.04	372.59	177.12	137.41
Manufacturing Expenses	313.41	314.00	148.44	106.84	55.31	48.07
Staff Cost	33.22	16.32	23.30	15.87	8.87	7.05
Administrative & Selling Expenses	24.90	57.93	21.56	16.05	9.83	8.57
Interest & Finance Charges	15.01	17.57	16.22	15.50	13.64	13.34
Depreciation	17.12	21.06	14.74	9.90	7.47	5.69
Misc. Expenses Written Off	-	0.31	0.32	0.31	0.28	0.27
Total	1,156.93	1,069.63	685.62	537.06	272.52	220.40
Profit Before Tax	84.53	77.05	19.80	5.93	5.70	6.90
Less: Tax Expenses	9.74	6.92	1.60	0.50	0.45	0.35
Prior Year Expenses		-	-	-	-	2.47
Deferred Tax		-	-	-	-	-
Profit After Tax	74.80	70.13	18.20	5.43	5.25	4.08
Add/ (Less): Adjustments						
Dividend Equalisation Fund	-	-	(0.48)	-	-	
Dividend	-	13.31	2.26	-	-	
Transfer to General Reserve	-	5.50	-	-	-	
Prior Year Adj.						-
Net Profit as Restated	74.80	51.32	16.42	5.43	5.25	4.08
Balance of surplus B/F		-	-	-	-	-
Balance Carried to Balance Sheet	74.80	51.32	16.42	5.43	5.25	4.08

SIGNIFICANT ACCOUNTING POLICIES

Background

The promoters of the company initially started component manufacturing in January 1995 as a partnership firm which was known as Autoline Pressings. Subsequently, a Company was incorporated as Autoline Stampings Private Limited on December 16, 1996 to take over the partnership business which has now been converted to Autoline Industries Limited with effect from January 13, 2006.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A] SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting

The company follows Mercantile system of accounting and recognizes income on accrual basis. The accounts are prepared on historical cost basis as a going concern. Spares, tools when used for manufacturing activity are treated as revenue expenditure. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and trade practices.

2. Inventories

Inventories are valued at Cost on First In First Out (FIFO) basis plus Direct Cost incurred to bring the stock to its existing level or realisable value whichever is lower.

3. Events Occurring After the date of Balance Sheet

There are no such events which have substantial impact on the results of the Current Year Balance Sheet

4. Fixed Assets

Fixed Assets are accounted at Cost. Additions are recorded at cost of acquisition net of Cenvat/ VAT for which credit is taken.

5. Depreciation

Depreciation has been calculated on Written Down Value as per the rates prescribed under Schedule XIV of the Companies Act, 1956. The Depreciation calculated as per above method on the difference between revalued reserve and the original value have been reduced from the total Depreciation and has also been reduced from the Revaluation Reserve. For the period ending on 30.11.2006 Depreciation has been charged on the opening balance of Fixed Assets. The additions to Fixed Assets during the year have been included in Capital WIP. No depreciation has been charged on Capital WIP though part of them has been put to use for Trial/ commercial Production.

6. Revenue Recognition

Sales are accounted on gross basis inclusive of Sales Tax and Excise Duty less Sales Returns/Rejections. Revenue from sale of products is recognized upon passage of title to the customer on acceptance of goods which generally coincide with the dispatch of materials.

7. Foreign Currency Transactions

Foreign currency transactions are recorded at the rate at the time of realisation/ payments and /or at the rate of credit to the Bank account by the Banker. Exports are recorded at the rate at which sales amount is realized and credited to the account of the company. At the close of the year outstanding balances in foreign currency are converted in Indian Rupees at the rate applicable on the last date of the year of Forward Contract rate whichever is less as required by AS 11 issued by the ICAI. The difference in realization is adjusted in Profit & Loss Account for revenue account and adjusted to Fixed Assets when it relates to Capital Goods.

8. Investment

Investments are carried at lower of Cost or Market Value and provision is made to recognize any decline in the carrying value, as applicable. Interest earned on Bank Fixed Deposit is accounted on accrual basis. Unquoted Investments are accounted at cost.

9. Retirement Benefit Costs

Contribution to Gratuity Fund is made to the Scheme maintained by Life Insurance Corporation of India Ltd. (LIC) and the same has been debited to Profit and Loss Account. Leave Encashment has been accounted for on payment basis.

10. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of fixed assets are capitalized till the month in which the asset is put to use/asset comes into existence as part of that value of the asset.

11. Contingent Liabilities

Contingent Liabilities and claims against the company not acknowledged as debts:

a) **Export Obligation:** Export Obligation in respect of saving in Custom Duty on Import of Machinery is to be completed up to 23.05.2008. Export Obligation up to 31.03.2006 cleared by payment of Compensation of Rs.6,97,080. Amount due only after 31.03.06 can not be worked out hence the liability for the period ending on 30.11.2006 is not defined.

b) **Electricity Payment:** Maharashtra State Electricity Board (MSEB), now Mahavitaran, has raised a demand of Rs.16.43 lacs for the Chakan Unit and the Company has disputed the demand. The matter is pending in the court.

12. Earning per share

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

As at	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Net Profit attributable to Equity Shareholders as restated (Rs. Million)	74.80	70.13	18.20	5.43	5.25	4.08
Weighted average number of Equity Shares outstanding during the year						
At the end of the	7,033,511	6,945,188	6,014,188	4,009,460	3,959,460	3,209,460
Weighted Average	6,989,350	6,479,688	5,011,824	3,984,460	3,584,460	2,719,330
Nominal value of Equity Share (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Basic & Diluted Earning per share (Rs.)						
Basic	*15.95	10.10	3.03	1.36	1.33	1.27
Diluted	*16.05	10.82	3.63	1.36	1.46	1.50

* Annualised

B] NOTES TO FINANCIAL STATEMENTS:
1. Deferred Tax-Asset/Liability

Tax expense for the period comprising current tax (MAT) is included in determining the net profit/ (loss) for the year.

The Accounting Standard 22 viz. “Accounting for Taxes on Income” issued by the ICAI has become applicable to the Company. The Deferred Tax is recognized for all timing differences being the difference between “Taxable Income” and “Accounting Income” that originate in one period are capable of reversal in or more subsequent periods. The Company has unabsorbed Depreciation which is to be carried forward as per the provisions of Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income due to substantial additions to the Fixed Assets in the year 2006-07 and the Expansion Program in hand for the next years, the Net Deferred Tax Liability for the period ending 30.11.2006 (Interim Period) has not been determined. (Prev. Year Rs.16.69 Mn) have not been recognized in these accounts.

The break up of Deferred Tax Assets/Liability is as under:

(Rs. Millions)						
Particulars	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Deferred Tax Liability						
Difference between book and tax depreciation	Nil	166.86	130.60	Nil	Nil	Nil
Deferred Tax Assets						
Unabsorbed depreciation & Expenses disallowed u/s 43B	Nil			Nil	Nil	Nil
Total	Nil			Nil		
Net Deferred Tax Asset/(Liability)	Nil	(166.86)	(130.60)	Nil	Nil	Nil

No Deferred Tax Assets / Liabilities are provided for in Books of accounts.

2. Deferred Revenue Expenditure

Deferred Revenue Expenditure incurred up to 31st March 2004, is being written off over the period of its benefit. Accounting Standard 26 on “Intangible Assets” issued by the ICAI is to be followed from 1st April 2003. However, company has not followed in the year 2003-04. From the Financial Year 2004-05 company has followed AS 26 and from the year FY 2004-05 similar Expenditure is no longer considered intangible asset and is being written off as current expenses as per Accounting Standard 26. However for the period ending on 30.11.2006, being the interim period, the earlier balance has not been written off.

3. Capital Work in Progress

The Expenditure in the nature of Capital and the Assets for which it is incurred which has not come into existence/put to use during the year is shown under this heading.

4. Insurance Claims

Claims receivable from Insurance Companies against risks covered are accounted on cash basis in the year of receipt.

5. Tools & Dies

Wages paid to tool room employees and other incidental expenses related there to have been capitalized to Tools & Dies.

6. Segment information
(a) Primary Segment

The company operates only in one business segment i.e. Auto Components and Sub-Assemblies which is considered as the primary segment.

(b) Secondary Segment: There are no secondary segments.

The company operates in India and hence there are no geographical segments.

7. Age wise analysis of Sundry Debtors based on Statement of Assets and Liability

(Rs. in Millions)

Particulars	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Debts outstanding for a period exceeding six months						
Considered good	4.47	5.32	3.41	2.13	Nil	Nil
Considered doubtful	Nil	Nil	Nil	Nil	Nil	Nil
Other Debts :						
Considered good	120.48	52.31	24.36	17.60	10.80	17.56
TOTAL	124.95	57.63	27.77	19.73	10.80	17.56

Note: None of the sundry debtors are promoters or any person or persons directly or indirectly related to any of the promoters of the company.

8. Details of Loans and Advances, as restated

(Rs. in Millions)

Particulars as on	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Advance to supplier	0.00	0.00	0.00	1.98	0.13	0.23
Related Party Transaction	0.00	0.00	0.00	0.00	5.49	2.70
Advance to Govt Depart.	22.75	11.89	3.35	0.97	0.67	0.95
Advance to Staff/Others	26.84	30.19	18.74	8.93	5.48	3.99
TOTAL	49.59	42.08	22.09	11.88	11.77	7.87

9. Details of Investment

(Rs. in Million)

Particulars	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Group Companies	24.46	24.78	4.83	4.83	7.83	4.83
Rupee Co-op. Bank	0.88	0.88	0.88	0.88	0.88	0.88
Vasantdada Shetkari Sahakari Bank Ltd.	0.50	0.50	0.50	0.50	Nil	Nil
Bank of Baroda	0.38	0.38	Nil	Nil	Nil	Nil
TOTAL	26.22	26.54	6.21	6.21	8.71	5.71

10. Details of Contingent Liabilities, Guarantees and Capital Commitment (Not provided for)

(Rs. in Million)

Particulars	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Letter of credit	Nil	Nil	Nil	Nil	Nil	Nil
Export Obligation	Not Quantified	Not Quantified	Not Quantified	Not Quantified	Nil	Nil
Electricity Payment – MSEB	1.64	1.64	1.64	Nil	Nil	Nil
TOTAL	1.64	1.64	1.64	Nil	Nil	Nil

11. Statement of Secured Loans and Unsecured Loans

(Rs. in Millions)

Particulars	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Secured Loans						
Term Loans from Banks	186.24	220.87	149.77	144.35	40.55	44.25
Working Capital Limits	121.92	88.75	66.41	32.49	57.19	43.24
Vehicle Loans from NBFCs and Banks	2.38	3.17	0.73	1.37	1.41	0.74
TOTAL	310.54	312.79	216.91	178.21	99.15	88.23
Unsecured Loans	272.33	111.57	82.39	26.60	27.57	28.32
Total Secured & Unsecured Loans	582.87	424.36	299.30	204.81	126.72	116.55

Notes:

1. The term loans have been secured against mortgage of the immoveable properties of the company. The Cash Credit facilities have been secured by hypothecation of the current assets and movable properties of the company, both existing and future.
2. The term and cash credit facilities from Banks have been further secured by the personal guarantees of all the promoter directors and others.
3. The Vehicle Loans have been secured by hypothecation of Vehicles owned by the Company.
4. The Unsecured Loan includes Sales Tax – Deferral of Rs.26.60 Millions

Secured Loans

A) Bank of Baroda

Bank of Baroda, Pimpri, Pune have vide their letter No: SSIPIIM/ADV/8/2004/ dated 19.01.2004 and SSIPIIM/ADV/09/2005 dt. 21/02/2005 and SSIPIIM/ ADV/10/2006 dt. 17/07/2006 has sanctioned Term Loan and Working Capital facilities details of which are as follows:

i) Term Loan: External Commercial Borrowings (ECB) and/or Rupee Term Loan

Facility	Term Loan – I Term Loan – II Term Loan – III Term Loan – IV			Rs.75.00 Millions Rs.30.00 Millions Rs.30.00 Millions Rs.90.00 Millions
Limit	Rs. 225.00 Millions			
Purpose	1. Existing Term Loans with Outstanding Balance 2. Rs. 90.00 Millions for creation of additional infrastructure by way of acquiring new Land, Building, Plant & Machinery and other Fixed Assets.			
Interest	2.25% p.a. over Benchmark Prime Lending Rate(BPLR) payable at monthly rests. In case of FCNR(B) as approved by International Division of Bank			
Period	1.Term Loan –I – 52 months from November, 2004 2. Term Loan-II – 61 months from November, 2004 3. Term Loan-III – 55 months from November, 2004 4. Term Loan-IV – 72 months from the date of initial disbursement.			
Repayment Schedule	Loan	Installments (Monthly)	Amount (Rs. Millions)	Commencing from
	T L-I	52	1.25	March 2004
	T L-II	60	0.50	December 04
	T L-III	55	0.50	June 2004
	T L-IV	60	1.50	12 months after initial disbursement
	The company has to service interest as and when applied, at present each month.			
Security	1. Demand Promissory Note 2. Mortgage of entire fixed assets of the company incl. Land & Building situated at a) Survey No.825, Kudalwadi, Chikhali Pune; b) S.No.287 and 291 to 295 and 298, Nanekarwadi, Chakan, Tal Khed, Pune; c) S. No.313, 314, 320, 321, 322 and 323 Nanekarwadi, Chakan, Tal Khed, Pune. 3. First Charge by way of hypothecation of all the Company’s movables, book-debts and including movable machinery, spares, tools and accessories both present and future. 4. Extension of Equitable mortgage on the personal properties of the directors 5. Letter of Installment executed by the Company and its Directors.			
Guarantor	Personal Guarantee of all the Directors – Mr. Vilas Lande, Mr. Shivaji Akhade, Mr. Sudhir Mungase, Mr. M. Radhakrishnan			
Amount of Loan Outstanding as on Date (30 th Nov, 2006)	Rs.145.27 Millions			

ii) Working Capital Limits

Nature of Facility	Line of Credit	Rs. 107.00 Millions
	Cash Credit	(Rs.107.00 Millions)
	L/C (Inland/Import) Usance – 89 days	(Rs.30.00 Millions)
	Bills Discounting (89 days)	(Rs.30.00 Millions)
	Drawing against cheques in clearing	(Rs.10.00 Millions)
Purpose	CC: For Working Capital requirements L/C: Procurement of Raw Materials/ Spare Parts BD: For discounting of supply bills to and Accepted by A+/Blue chip companies like Bajaj Auto, Kinetic Engg., Mahindra & Mahindra, Fiat Ind., Piaggio Ind., Walker Exhaust Ind. etc. of the maturity up to 89 days. Drawing against Clearing: For the cheques deposited of the A+/Blue chip companies like Bajaj Auto, Kinetic Engg., Mahindra & Mahindra, Fiat Ind., Piaggio Ind., Walker Exhaust Ind. etc. and Banks/Financial Institutions	
Interest	CC: 0.50% over bank's BPLR payable at monthly rests. Additional interest of 0.25% to be charged for L/C BD: Charges - As per bank's guidelines; Commission on L/C: commission – As per bank's guidelines Drawing against Clearing: CC Limit for the Out of Fund Position	
Period	12 months	
Security	1. Demand Promissory Note 2. Exclusive First Charge on the Current Assets i.e. Raw material, Stock-in-process, finished goods, Consumable Stores & Spares, etc. and Book-Debts of the Company by way of hypothecation 3. Extension of Charge on the fixed assets of the company for Term Loans above. 4. Extension of Mortgage on the personal properties of the directors 5. Stamped L/C Application Form. 6. Letter of BP Undertaking 7. Letter of Continuing Security	
Guarantor	Personal guarantee of Mr. Vilas Lande, Mr. Shivaji Akhade, Mr. Sudhir Mungase and Mr. M. Radhakrishnan	
Amount of Loan Outstanding As on date (30th Nov, 2006)	Rs. 121.92 Millions	

B) Kotak Mahindra Bank

Kotak Mahindra Bank Ltd. (KMBL) vide their letter No: SME/030106/1281 dated March 29, 2006 and SME/121006/1969 dated October 13, 2006 has provided Term Loan facilities, details of which are as follows:

i) Term Loan

Nature of Facility	Corporate Loan of Rs. 30.00 Millions
Interest	KMBL's Benchmark Prime Lending Rate less 3.5% p.a.
Period	36 months
Repayment	Loan to be repaid in Equated Principal Installment by post dated cheques and interest to be debited to the current account on a monthly basis.
Security	First Charge on Fixed Assets (existing and future) and current assets of Western Pressing Pvt. Ltd.
Guarantor	Personal Guarantee of Mr. S.T. Akhade, Mr. Sudhir Mungase, Mr. Vilas Lande and Mr. M. Radhakrishnan
Amount of Loan Outstanding As on date (30th Nov, 2006)	Rs.23.33 Millions

ii) Term Loan

Nature of Facility	Corporate Loan of Rs. 20.00 Millions (Closure of Term Loan of Vasantdada Shetkari Sahakari Bank Ltd.)
Interest	KMBL's Benchmark Prime Lending Rate less 4.5% p.a.
Period	36 months
Repayment	Loan to be repaid in Equated Principal Installment by post dated cheques and interest to be debited to the current account on a monthly basis.
Security	First Charge on Fixed Assets (existing and future) and current assets of T-135, MIDC, Bhosari Unit of Autoline Industries Ltd.
Guarantor	Personal Guarantee of Mr. S.T. Akhade, Mr. Sudhir Mungase, Mr. Vilas Lande and Mr. M. Radhakrishnan
Amount of Loan Outstanding As on date (30th Nov, 2006)	Rs.17.64 Millions

Unsecured loans:

1. Sales Tax Deferral aggregating Rs.26.60 Millions under the incentive scheme of the Govt. of Maharashtra.
2. The company has availed unsecured loans from various sources aggregating Rs.245.72 Millions during the financial year 2005-06.

12. Statement of Other Income

(Rs. in millions)						
Particulars	30.11.06	31.03.06	31.03.05	3103.04	31.03.03	31.03.02
Interest on FDR & others with Banks	0.03	0.33	0.24	0.16	Nil	Nil
Misc. Income through sale of scrap	Nil	Nil	0.12	0.14	1.13	0.89
Profit on Exchange Fluctuation	Nil	0.63	Nil	Nil	Nil	Nil
Profit on Sale of Land/Machinery	Nil	Nil	0.56	Nil	Nil	Nil
Discounts received	Nil	Nil	0.18	0.02	Nil	Nil
Adjustments of Expenses	Nil	Nil	Nil	0.77	Nil	Nil
Income Tax Refund	0.85	Nil	Nil	Nil	0.77	Nil
TOTAL	0.88	0.96	1.10	1.09	1.13	0.89

13. Related Party Transactions

Information on Related Party Disclosures as per Accounting Standard 18 (AS-18) on Related Party Disclosures is given below:

For the period ended 30th Nov 2006

A. List of related parties with whom transactions entered into

S No.	Name of Related Party	Nature of Relationship
	Key Management personnel and their relatives	
1	Mr. Vilas Lande	Chairman – Emeritus
2	Mr. Shivaji Akhade	Managing Director
3	Mr. Sudhir Mungase	Director
4	Mr. M. Radhakrishnan	Director
5.	Mrs. Rema Radhakrishnan	Relative of Director
	Enterprise owned/controlled by key management personnel or their relatives	
1	Linc Wise Software Pvt. Ltd.	Company under same management
2	Amogh Engineers Pvt. Ltd.	Company under same management
3	Western Pressings Pvt. Ltd.	Subsidiary 100%

4.	Autoline Dimensions Software Pvt. Ltd. (Formerly Known as Dimensions Engineering Software Services Pvt. Ltd.	Subsidiary 51%
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i. Nature of Transactions

Nature of Transaction	Total Purchase/ Transactions Rs.	Amount Outstanding (on 30.11.06)Rs.	Nature of Relationship
Material Purchase/Labour charges paid to Balaji Enterprises	5,256,628	942,264	Brother of Mr. Shivaji Akhade is a partner in Balaji Enterprises
Labour Charges paid to Shreeja Enterprises	1,207,731	185,460	Partner in Shreeja Enterprises is brother of Mr. Sudhir Mungase
Sales Promotion Charges paid to Hotel Vishwavilas	8,741	Nil	Proprietor of the hotel is father of Mr. Vilas Lande
Software Service Charges paid to Autoline Dimensions Software Pvt. Ltd.	4,291	Nil	Co. under same management
Car Hire Charges to Vilas Lande	214,602	NA	Chairman – Emeritus
Car Hire Charges to Shivaji T. Akhade	253,166	NA	Managing Director
Car Hire Charges to Sudhir Mungase.	224,631	NA	Director
Car Hire Charges to Rema Radhakrishnan	216,064	NA	Relative of Director
Car Hire Charges to M. Radhakrishnan	230,159	NA	Director
Director Remuneration to Vilas Lande	600,000	NA	Chairman – Emeritus
Director Remuneration to Shivaji T. Akhade	1,200,000	NA	Managing Director
Director Remuneration to Sudhir Mungase.	1,100,000	NA	Director
Director Remuneration to M. Radhakrishnan	1,100,000	NA	Director
Remuneration to Rema Radhakrishnan	180,000	NA	Relative of Director

For the period ended 31st March 2006

A. List of related parties with whom transactions entered into

S No.	Name of Related Party	Nature of Relationship
	Key Management personnel and their relatives	
1	Mr. Vilas Lande	Chairman – Emeritus
2	Mr. Shivaji Akhade	Managing Director
3	Mr. Sudhir Mungase	Director
4	Mr. M. Radhakrishnan	Director
5.	Mrs. Rema Radhakrishnan	Relative of Director
	Enterprise owned/controlled by key management personnel or their relatives	
1	Linc Wise Software Pvt. Ltd.	Company under same management
2	Amogh Engineers Pvt. Ltd.	Company under same management
3	Western Pressings Pvt. Ltd.	Subsidiary 100%
4.	Dimensions Engineering Software Services Pvt. Ltd.	Subsidiary 51%

ii. Nature of Transactions

Nature of Transaction	Total Purchase/ Transactions Rs.	Amount Outstanding (On31.03.06)Rs.	Nature of Relationship
Material Purchase/Labour charges paid to Balaji Enterprises	6,447,482	1,082,694	Brother of Mr. Shivaji Akhade is a partner in Balaji Enterprises
Labour Charges paid to Shreeja Enterprises	1,823,924	538,937	Partner in Shreeja Enterprises is brother of Mr. Sudhir Mungase

Labour Charges paid to Fourtech Enterprises	15,097	Nil	Partner in Fourtech Enterprises is brother of Mr. Sudhir Mungase
Sales Promotion Charges paid to Hotel Vishwavilas	20,405	Nil	Proprietor of the hotel is father of Mr. Vilas Lande
Sales Promotion Charges paid to Aishwaraya Biryani House	4,291	Nil	Proprietor of the hotel is brother of Mr. Shivaji Akhade
Sale Proceeds Western Pressing Pvt. Ltd.	2,758,113	1,522,485	Co. under same management
Car Hire Charges to Vilas Lande	429,204	NA	Chairman – Emeritus
Car Hire Charges to Shivaji T. Akhade	382,620	NA	Managing Director
Car Hire Charges to Sudhir Mungase.	302,408	NA	Director
Car Hire Charges to Rema Radhakrishnan	144,168	NA	Relative of Director
Car Hire Charges to M. Radhakrishnan	93,108	NA	Director
Director Remuneration to Vilas Lande	1,200,000	NA	Chairman – Emeritus
Director Remuneration to Shivaji T. Akhade	1,200,000	NA	Managing Director
Director Remuneration to Sudhir Mungase.	1,200,000	NA	Director
Director Remuneration to M. Radhakrishnan	1,200,000	NA	Director
Remuneration to Rema Radhakrishnan	240,000	NA	Relative of Director

For the period ended 31st March 2005

A. List of related parties with whom transactions entered into

S No.	Name of Related Party	Nature of Relationship
	Key Management personnel and their relatives	
1	Mr. Vilas Lande	Chairman – Emeritus
2	Mr. Shivaji Akhade	Managing Director
3	Mr. Sudhir Mungase	Director
4	Mr. M. Radhakrishnan	Director
5	Mrs. Rema Radhakrishnan	Relative of Director
	Enterprise owned/controlled by key management personnel or their relatives	
1	Linc Wise Software Pvt. Ltd.	Company under same Management
2	Amogh Engineers Pvt. Ltd.	Company under same Management

B. Nature of Transactions

Nature of Transaction	Total Purchase/ Transactions Rs.	Amount Outstanding (On 31.03.05) Rs.	Nature of Relationship
ERP Software & Maintenance – Linc Wise Software Pvt. Ltd.	18,150,000	1,211,013	Company under same management
Labour Charges Autosshine Coaters	1,861,636	377,916	Mr. Shivaji Akhade was a partner in Autosshine Coaters till 30.09.04
Material Purchase/ Labour Charges Balaji Enterprises	4,676,111	625,013	Brother of Mr. Shivaji Akhade is a partner in the company
Labour Charges Shreeja Enterprises	1,657,114	516,470	Brother of Mr. Sudhir Mungase is a partner in the company
Labour Charges Fourtech Enterprises	677,321	Nil	Brother of Mr. Sudhir Mungase is a partner in the company

Sales Promotion Hotel Vishwavilas	8,536	NA	Proprietor of the hotel is father of Mr. Vilas Lande
Sales Promotion Aishwaraya Biryani	18,579	3,698	Proprietor of the hotel is brother of Mr. Shivaji Akhade
Purchase of Plant & Machinery Amogh Engineers Pvt. Ltd.	9,900,771	Nil	Company under same management
Car Hire Charges to Vilas Lande	490,225	NA	Chairman – Emeritus
Car Hire Charges to Shivaji T. Akhade	382,627	NA	Managing Director
Car Hire Charges to Sudhir Mungase.	415,223	NA	Director
Car Hire Charges to Rema Radhakrishnan	251,532	NA	Relative of Director
Car Hire Charges to M. Radhakrishnan	352,118	NA	Director
Director remuneration to Vilas Lande	600,000	NA	Chairman – Emeritus
Director Remuneration to Shivaji T. Akhade	600,000	NA	Managing Director
Director Remuneration to Sudhir Mungase.	600,000	NA	Director
Director Remuneration to M. Radhakrishnan	600,000	NA	Director
Remuneration to Rema. Radhakrishnan	240,000	NA	Relative of Director

STATEMENT OF ACCOUNTING RATIO

Ratios Particulars	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Earning Per Share (EPS) (Rs.)						
Basic	*15.95	10.10	3.03	1.36	1.33	1.27
Diluted	*16.05	10.82	3.63	1.36	1.46	1.50
Return on Net Worth (For Equity Shareholders) (%)	*38.70%	34.39 %	20.85 %	7.68 %	9.26 %	18.50 %
Net Asset Value per Share (Rs.)	42.5	30.6	14.5	17.7	14.3	11.0
Return on Capital Employed (%)	*12.69%	10.97%	4.66 %	1.94 %	2.78%	4.14 %
Weighted average number of equity shares outstanding during the year used for computing Basic and Diluted EPS	6,989,350	6,479,688	5,011,824	3,984,460	3,584,460	2,719,330
Total number of shares outstanding at the end of year/ Period	7,033,511	6,945,188	6,014,188	4,009,460	3,959,460	3,209,460

* Annualised

The ratios have been computed as below:

I) Earnings per share (Rs.): Net profit attributable to equity shareholders/weighted average number of equity shares outstanding as at the end of the year.

II) Return on net worth (For Equity Share holders) (%): Net profit after tax/Net worth as at the end of the year

III) Net asset value (Rs.): Net worth at the end of the year/Number of equity Shares outstanding at the end of the year

IV) Return on Capital Employed: Net Profit after Tax/Total of Net Fixed Assets, Investments and net current assets.

V) Net Profit, as appearing in the statement of profits and losses, has been considered for the purpose of computing the above ratios.

VI) Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

STATEMENT OF TAX SHELTER

(Rs. in Millions)

Year ended	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
Net Profit as per Books of Accounts	84.53	77.05	19.80	5.93	5.70	6.90
Net Profit/(Loss) before Tax (as restated)	NIL	NIL	NIL	NIL	NIL	NIL
Tax rate - Normal	33.66%	33.66%	36.60%	35.88%	36.75%	35.70%
Tax rate – MAT	11.22%	8.42%	7.84%	7.69%	7.88%	7.65%
Tax at Normal Tax Rates (A)	NIL	NIL	NIL	NIL	NIL	NIL
Adjustments :						
Permanent Difference (B)						
Donation & Others	0.00	0.00	0.20	1.98	0.03	2.56
Depreciation as per Books	17.12	21.06	14.74	9.90	7.47	5.69
Benefits u/s 80I	NIL	NIL	NIL	NIL	NIL	NIL
Total Permanent Difference	NIL	NIL	NIL	NIL	NIL	NIL
Temporary Difference (C)	17.12	21.06	14.94	11.88	7.50	8.25
Depreciation as per Income Tax	69.82	35.85	38.22	20.94	18.60	23.52
Expenses u/s 43B / 40 A	5.78	NIL	2.51	NIL	NIL	0.01
Total Timing Difference	75.60	35.85	40.73	20.94	18.60	23.53
Net Adjustments (B)+(C)	58.48	56.91	55.67	32.82	26.10	31.78
Tax Saving thereon	19.68	19.16	20.38	11.78	9.59	11.35
Tax on Restated Income	NIL	NIL	NIL	NIL	NIL	NIL
Tax at MAT rate	9.48	6.59	1.55	0.46	0.45	0.34

STATEMENT OF DIVIDEND PAID

(Rs. in Millions)

	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.0302
Dividend Rate(%)	Nil	18%	5%	Nil	Nil	Nil
Dividend Amount (Inclusive of Tax)	Nil	13.31	2.27	Nil	Nil	Nil

Annexure – VIII

CAPITALISATION STATEMENT

(Rs. in Millions)

Particulars	Pre-Issue as at 30 th Nov, 2006	Post – Issue
Borrowings :		
Short Term Debts	121.92	
Long Term Debts	188.62	
Total Debts	310.54	
Shareholders Funds:		
Share Capital	70.34	
Reserves	217.53	
Total Shareholders funds	287.87	
Total Capitalisation	598.41	
Long Term Debt/Equity Ratio	0.65	
Total Debt/ Equity Ratio	1.07	

Notes: (A) Short term debts are debts maturing within the next one year from the date of above statement.
 (B) Total long term debt/Total Shareholders funds
 (C) Total debt/ Total Shareholders funds
 (D) Post Issue Equity can be calculated only on conclusion of the Initial Public Issue

STATEMENT OF CASH FLOWS, AS RESTATED

Rs. In Millions						
FOR THE PERIOD ENDED ON	30.11.06	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
A. Cash Flow from Operating Activity						
Net Profit Before Tax	99.54	94.62	36.02	21.44	19.35	20.24
Adj for :						
Depreciation (Charged to P & L)	17.12	21.06	14.74	9.90	7.47	5.69
Misc. Expenses W/Off	-	0.32	0.32	0.31	0.29	0.27
Profit/ (Loss) on Sale of Fixed Assets	-	-	(0.56)	-	-	-
Finance Charges	-	-	0.10	0.01	0.37	0.19
Operating Profit before Working	116.66	116.00	50.62	31.66	27.48	26.39
Capital Change						
Adj for :						
(Increase)/ Decrease in Inventories	(57.77)	(32.46)	(19.50)	(31.09)	(4.16)	(13.95)
(Increase)/ Decrease in Sundry Debtors	(67.32)	(29.86)	(8.03)	(8.94)	6.76	7.34
(Increase)/ Decrease in Loans & Advances	(7.51)	(19.99)	(10.21)	(0.10)	(3.90)	(0.74)
(Increase)/ Decrease in Sundry Creditors	67.13	72.07	22.85	(0.87)	(2.43)	13.78
Cash Generated from Operations	51.18	105.75	35.73	(9.34)	23.75	32.82
Direct Taxes Paid	(9.74)	(6.92)	(1.60)	(0.50)	(0.45)	(0.35)
A. Cash Generated from Operating Activity	41.45	98.83	34.13	(9.84)	23.30	32.47
B. Cash used in Investment Activity						
Purchase of Fixed Assets	(197.77)	(240.18)	(109.29)	(62.51)	(35.90)	(22.80)
Sale/(Purchase) of Investments	0.31	(20.33)	-	2.50	(3.00)	(0.40)
B. Cash used in Investment Activity	(197.45)	(260.51)	(109.29)	(60.01)	(38.90)	(23.20)
C. Cash Flow from Financing Activity						
Share Application Money Received	-	-	-	3.67	7.90	-
Issue of Share Capital	0.88	9.31	-	0.50	7.50	-
Share Premium Account	10.60	58.81	-	4.50	-	-
Proceeds from/ (Repayment) of borrowings	158.52	125.06	94.48	78.04	10.17	6.05
Finance Charges	(15.01)	(17.57)	(16.22)	(15.50)	(13.64)	(13.34)
Dividend Paid	-	(13.31)	(2.26)	-	-	-

C. Cash Flow from Financing Activity	154.99	162.30	76.00	71.21	11.93	(7.29)
For the Period Ended	30/11/06	31/03/06	31/03/05	31/03/04	31/03/03	31/03/02
Net (Decrease)/ Increase in Cash and	(1.01)	0.61	0.84	1.35	(3.67)	1.98
Cash Equivalents (A+B+C)						
Cash and Cash Equivalent comprises of Cash and Bank Balances as per the Restated Balance Sheet as Follows:						
Opening Balance of Cash & Bank	1.61	1.00	0.16	(1.19)	2.48	0.50
Closing Balance of Cash & Bank	0.60	1.61	1.00	0.16	(1.19)	2.48
	(1.01)	0.61	0.84	1.35	(3.67)	1.98
	0.00	(0.00)	0.00	(0.00)	-	-
For the Period Ended						
Cash in Hand	0.48	0.21	0.90	0.05	0.05	0.45
Balance in Banks	0.12	1.41	0.10	0.11	(1.24)	2.03

AUTOLINE INDUSTRIES LTD AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED ON					
				Rs. In Millions	
AS AT	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
ASSETS					
Gross Block	658.95	360.72	251.43	189.05	153.16
Less: Accumulated Depreciation	101.29	51.66	36.52	25.73	17.35
Less: Revaluation Reserve	15.15	3.52	4.42	5.32	6.22
Net Block	542.51	305.54	210.49	158.00	129.58
Investments	26.54	6.21	6.21	8.71	5.71
Current Assets, Loans & Advances					
Cash & Bank Balance	2.00	1.00	0.16	(1.19)	2.48
Inventories	150.50	94.65	75.14	44.05	39.89
Sundry Debtors	81.08	27.77	19.73	10.80	17.56
Loans & Advances	44.94	22.09	11.87	11.77	7.87
Sub Total	278.52	145.51	106.91	65.42	67.80
Liabilities & Provisions					
Secured Loans	312.79	216.91	178.21	99.16	88.23
Unsecured Loans	115.07	82.39	26.60	27.57	28.32
Current Liabilities & Provisions	175.10	70.65	47.81	48.68	51.11
Total Liabilities	602.96	369.95	252.62	175.41	167.66
Networth	244.61	87.30	70.99	56.73	35.43
Represented By:					
Share Capital	117.58	60.14	40.09	39.60	32.09
Reserves & Surplus	145.39	20.04	25.05	16.01	11.05
Less: Revaluation Reserve	15.15	3.52	4.42	5.32	6.22
Share Application Money	11.61	11.61	11.56	7.90	-
Less: Misc. Expenditure	14.82	0.97	1.29	1.46	1.49
Total	244.61	87.30	70.99	56.73	35.43
	(0.00)	0.00	0.00	-	0.00

ANNEXURE-XI

AUTOLINE INDUSTRIES LTD AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT & LOSS A/C FOR THE YEAR ENDED ON					
				Rs. In Millions	
	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
INCOME					
Sales:					
Sales of products manufactured	1,273.64	684.82	510.81	272.93	212.47
Less: Excise Duty					
Other Income	7.70	1.10	1.09	1.13	0.89
Increase/ Decrease in Stock	37.16	19.51	31.09	4.16	13.94
Total	1,318.50	705.42	542.99	278.23	227.30
EXPENDITURE					
Raw Material	1,070.00	632.78	495.30	241.30	192.53
Manufacturing Expenses					
Staff Cost					
Administrative & Selling Expenses	82.30	21.56	16.05	9.83	8.57
Interest & Finance Charges	17.82	16.22	15.50	13.64	13.34
Depreciation	27.91	14.74	9.90	7.48	5.69
Misc. Expenses Written Off	2.01	0.32	0.31	0.28	0.27
Total	1,200.05	685.62	537.06	272.52	220.39
Profit Before Tax	81.29	19.80	5.93	5.70	6.90
Less: Tax Expenses	7.48	1.60	0.50	0.45	0.35
Prior Year Expenses	-				
Deferred Tax	-				
Profit After Tax	73.82	18.20	5.43	5.25	6.55
Add/ (Less): Adjustments					
Dividend Equalisation Fund	-	0.48	-	-	
Dividend	13.31	2.27	-	-	
Transfer to General Reserve	5.50	-	-	-	
Prior Year Adj.					2.48
Net Profit as Restated	55.01	16.41	5.43	5.25	4.07
Balance of surplus B/F	-	-			
Balance Carried to Balance Sheet	55.01	16.42	5.43	5.25	4.07

Annexure XII

NOTES TO CONSOLIDATED RESTATED STATEMENT OF ASSETS AND LIABILITIES AND CONSOLIDATED RESTATED STATEMENT OF PROFIT AND LOSS, AS RESTATED.

1. The consolidated summary statements of Assets and Liabilities and Profit & Loss ('Consolidated Statements') includes financial statements of Autoline Industries Limited (AIL) (formerly known as Autoline Stampings Private Limited) ('Parent Company') and its subsidiaries Western Pressings Private Limited (WPPL), and Autoline Dimensions Software Private Limited (ADSPL) (formerly known as Dimensions Engineering Software Services Private Limited).
2. The Parent Company acquired 99.69% of paid up equity share capital of WPPL on 09.11.2005. The financial results of the company have been consolidated from 01.04.2005 to 31.03.2006.
3. ADSPL was incorporated on 29.07.2004 and became subsidiary of AIL with effect from 29.03.2006. AIL holds 51% of the paid up equity share capital of ADSPL. The financial results of the company have been consolidated from 01.04.2005 to 31.03.2006.
4. These consolidated summary statements are prepared solely for the purpose of their inclusion in the offer document, in accordance with the principles and procedures prescribed by Accounting Standard 21 – "Consolidated Financial Statements" ('AS 21') issued by the Institute of Chartered Accountants of India ('ICAI') for the purpose of preparation and presentation of consolidated financial statements.
5. The consolidated summary statements have been extracted by the management based on the restated financial statements of the parent company (refer Annexure) and its subsidiaries for the respective years.
6. The restated financial statements of the parent company and its subsidiaries have been combined line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra group balances/ transactions and resulting unrealised profits in full. The amount shown in respect of accumulated reserves comprise the amount of relevant reserves as per the Balance Sheet of the parent company and its share in the post acquisition increase/ decrease in the relevant reserves/ accumulated deficit of its subsidiaries.
7. The consolidated Summary Statements are prepared using uniform accounting policies across the group.

ANNEXURE-XIII
(Rs.in millions)

RESTATED BALANCE SHEET FOR WESTERN PRESSING PVT. LTD.					
AS AT	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
ASSETS					
Gross Block	44.32	40.80	36.34	36.30	36.35
Less: Accumulated Depreciation	21.57	19.86	20.63	18.72	16.92
Less: Revaluation Reserve	12.52	12.91	12.88	13.79	14.70
Net Block	10.23	8.04	2.83	3.79	4.73
Investments	-	-	-	-	-
Current Assets, Loans & Advances					
Cash & Bank Balance	0.03	0.06	0.04	0.04	0.04
Inventories	9.86	5.16	4.11	2.75	2.19
Sundry Debtors	18.98	7.90	7.86	5.68	8.21
Loans & Advances	2.25	1.03	0.78	0.64	0.51
Sub Total	31.13	14.14	12.79	9.11	10.94
Liabilities & Provisions					
Secured Loans	-	3.61	3.63	3.71	4.24
Unsecured Loans	3.50	-	0.90	0.95	0.95
Current Liabilities & Provisions	26.76	12.65	8.75	6.59	6.49
Total Liabilities	30.26	16.26	13.28	11.25	11.69
Networth	11.10	5.92	2.34	1.66	3.99
Represented By:					
Share Capital	13.00	13.00	10.42	10.42	10.42
Reserves & Surplus	10.62	5.83	4.81	5.02	8.27
Less: Revaluation Reserve	12.52	12.91	12.88	13.79	14.70
Share Application Money	-	-	-	-	-
Less: Misc. Expenditure	-	-	-	-	-
Total	11.10	5.92	2.34	1.66	3.99

Annexure XIV

RESTATED PROFIT & LOSS A/C FOR WESTERN PRESSING PVT. LTD.					
				(Rs. in millions)	
	31.03.06	31.03.05	31.03.04	31.03.03	31.03.02
INCOME					
Sales:					
Sales of products manufactured	141.99	75.15	55.81	37.67	37.07
Less: Excise Duty					
Other Income	1.28	1.34	0.43	0.47	0.48
Increase/ Decrease in Stock	1.29	0.61	1.16	0.16	0.13
Total	144.57	77.10	57.40	38.31	37.67
EXPENDITURE					
Raw Material	93.02	49.54	32.34	21.74	19.26
Manufacturing Expenses	33.54	18.02	16.46	11.24	11.28
Staff Cost	7.39	5.15	4.97	4.62	4.18
Administrative & Selling Expenses	3.54	2.60	1.69	1.64	1.77
Interest & Finance Charges	0.10	0.19	0.24	0.38	0.43
Depreciation	1.33	0.60	1.01	1.02	1.15
Misc. Expenses Written Off	-	-	-	-	-
Total	138.92	76.10	56.71	40.64	38.08
Profit Before Tax	5.65	1.00	0.68	(2.33)	(0.41)
Less: Tax Expenses	0.47	-	-	-	-
Prior Year Expenses	-				
Deferred Tax	-				
Profit After Tax	5.18	1.00	0.68	(2.33)	(0.41)
Add/ (Less): Adjustments					
Dividend Equalisation Fund	-	-	-	-	
Dividend	-	-	-	-	
Transfer to General Reserve	-	-	-	-	
Prior Year Adj.					0.09
Net Profit as Restated	5.18	1.00	0.68	(2.33)	(0.50)
Balance of surplus B/F	-	-			
Balance Carried to Balance Sheet	5.18	1.00	0.68	(2.33)	(0.50)

Annexure XV

RESTATED ASSETS & LIABILITIES OF AUTOLINE DIMENSIONS SOFTWARE PVT. LTD.		
	(Rs. in millions)	
AS AT	31.03.06	31.03.05
ASSETS		
Gross Block	13.73	16.56
Less: Accumulated Depreciation	6.10	1.35
Less: Revaluation Reserve	-	-
Net Block	7.64	15.22
Investments	-	-
Current Assets, Loans & Advances		
Cash & Bank Balance	0.36	0.62
Inventories	13.53	-
Sundry Debtors	4.46	1.84
Loans & Advances	0.61	2.22
Sub Total	18.95	4.68
Liabilities & Provisions		
Secured Loans	-	2.50
Unsecured Loans	-	-
Current Liabilities & Provisions	5.62	5.40
Total Liabilities	5.62	7.90
Net worth	20.97	12.00
Represented By:		
Share Capital	1.00	1.00
Reserves & Surplus	-	-
Less: Revaluation Reserve	-	-
Share Application Money	34.13	25.38
Less: Misc. Expenditure	14.16	14.38
Total	20.97	12.00

Annexure XVI

RESTATED PROFIT & LOSS A/C OF AUTOLINE DIMENSIONS SOFTWARE PVT. LTD.		
	(Rs. in millions)	
	31.03.06	31.03.05
INCOME		
Sales:		
Engineering/ PLM Services Income	9.67	4.52
Sale of Licenses Software	8.72	-
Other Income	5.45	0.00
Increase/ Decrease in Stock	13.53	-
Total	37.37	4.52
EXPENDITURE		
Cost Of Sales	7.02	-
Manufacturing Expenses	-	-
Staff Cost	10.30	3.91
Administrative & Selling Expenses	14.08	8.21
Interest & Finance Charges	0.15	0.33
Depreciation	5.52	1.34
Misc. Expenses Written Off	1.70	1.70
Total	38.77	15.50
Profit Before Tax	(1.40)	(10.98)
Less: Tax Expenses	0.09	-
Prior Year Expenses	-	
Deferred Tax	-	
Profit After Tax	(1.49)	(10.98)
Add/ (Less): Adjustments		
Dividend Equalization Fund	-	-
Dividend	-	-
Transfer to General Reserve	-	-
Prior Year Adj.		
Net Profit as Restated	(1.49)	(10.98)
Balance of surplus B/F	-	-
Balance Carried to Balance Sheet	(1.49)	(10.98)

None of the above companies have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.



Financial information of group companies

(A) SUBSIDIARIES

1. Western Pressing Pvt. Ltd. (WPPL) - Subsidiary

Constitution	: Private Limited Company
Date of Incorporation	: 7 th May 1985 Regn NO. 38904
CIN No:	: U27105MH1988PLC047767
Board of Directors	: 1. Mr. Vilas Lande 2. Mr. Shivaji Akhade 3. Mr. Sudhir Mungase 4. Mr. M. Radhakrishnan

Nature of activities

Western Pressings Pvt. Ltd. was incorporated as a Private Limited Company with its registered office at Pimpri, Pune for the manufacture of exhaust systems for commercial vehicles and allied economic activity. AIL took over the management of the company in December 2005 by buying out the entire shareholding of Rs.13 million from the erstwhile promoters Mr. Ram Nivas Sawalka and family.

Western Pressings Pvt. Ltd is manufacturing formed tubular products such as silencers and exhaust systems for Tata Motors commercial vehicles of all categories. The unit contributes approx 10% of our current turnover.

Shareholding pattern :

Sr. No.	Name	No. of Shares held
1	Autoline Industries Ltd	1296000
2	Mr. Vilas Lande	875
3	Shivaji Akhade	875
4	Mr. Sudhir Mungase	875
5	Mr. M. Radhakrishnan	250
6	Mrs. Rema Radhakrishnan	875
7	Linc Wise Software Pvt. Ltd.	250
	TOTAL	1300000

Brief Financials

(Rs. in millions)

Particulars	31.03.2006	31.03.2005	31.03.2004
Sales & Other Income	141.99	75.15	55.81
PAT	5.18	1.00	0.68
Equity Capital	13.00	13.00	10.42
Share Application Money	0.00	0.00	0.00
Reserves & Surplus (excluding revaluation reserves)	(1.90)	(7.08)	(8.08)
EPS (Rs.)	3.98	0.77	0.65
Book Value/Share (Rs.)	-	-	-



2. Autoline Dimensions Software Pvt. Ltd. - Subsidiary

Constitution : Private Limited Company

Date of Incorporation/CIN : U72200KL2004PTC017309 dt. 29th July 2004

Board of Directors : 1. Mr. Vilas Lande
2. Mr. Shivaji Akhade
3. Mr. Sudhir Mungase
4. Mr. M. Radhakrishnan
5. Mr. G.J. Kulkarni
6. Mr. Aniyam Kutty
7. Mr. Deepak Shikarpurkar

Nature of activities:

Autoline Dimensions Software Pvt. Ltd is a high-end Engineering Solutions provider offering services ranging from Design Engineering, Process Engineering, Reverse Engineering, Knowledge Based Engineering and CAD Software Customization.

Autoline Dimensions provides the services to Automotive and Discrete Manufacturing companies. Typically almost all these companies requires support of external Design services consulting companies for various reasons like to speed up Product development and design cycle, to cope with sudden demand in engineering detailing work, to get expert opinion from the specialized external engineers to enhance the internal design process.

Shareholding pattern :

Sr. No.	Name	No. of Shares held
1	Autoline Industries Ltd	51000
2	Mr. Aniyam Kutty	34000
3	Mr. Bharat Agarwal	15000
	TOTAL	100000

Brief Financials

(Rs. in millions)

Particulars	31.03.2006	31.03.2005
Sales & Other Income	37.37	4.52
PAT	(1.48)	(10.98)
Equity Capital	1.00	0.10
Share Application Money	34.13	26.28
EPS (Rs.)	-	-
Book Value/Share (Rs.)	-	-



(B) VENTURES PROMOTED BY PROMOTERS

1. Linc Wise Software Pvt. Ltd.

Constitution Private Limited Company
Date of Incorporation: Regn No.14624 of 1996
CIN U72200PN1996PTC014624
Board of Directors : 1. Mr. Vilas Lande
2. Mr. Shivaji Akhade
3. Mr. Sudhir Mungase
4. Mr. M. Radhakrishnan

Nature of activities : Development and Maintenance of Software.

Shareholding pattern :

Sr. No.	Name	No. Of Shares held
1	Mr. Vilas Lande	230,000
2	Mr. Shivaji Akhade	230,000
3	Mr. Sudhir Mungase	230,000
4	Mrs. Rema Radhakrishnan	230,000
	TOTAL	920,000

Brief Financials

(Rs. in Millions)

Particulars	31.03.2006	31.03.2005	31.03.2004
Sales & Other Income	0.92	18.46	1.33
PAT	(0.01)	14.48	(3.17)
Equity Capital	9.20	9.20	9.20
Share Application Money	0.10	0.10	0.19
EPS (Rs.)	-	15.73	-
Book Value/Share (Rs.)	-	-	-
Reserves & Surplus	9.56	9.58	3.36

2. Amogh Engineers Pvt. Ltd.

Constitution : Private Limited Company
Date of Incorporation : 25-16043 dt. 10.04.2001
CIN : U35914PN2001PTC016043
Board of Directors
 1. Mr. Shivaji Akhade
 2. Mr. M. Radhakrishnan
 3. Mr. Sudhir Mungase
 4. Mrs. Mohini Lande

Nature of activities : Manufacturing of Brake Assembly

The company is not carrying on any activity at-present as manufacturing of brake assemblies is now carried out in our Chakan Unit-I since 1st April 2004.

Shareholding pattern :

Sr. No.	Name	No. Of Shares held
1	Mr. M Radhakrishnan	50,000
2	Mrs. Mohini Lande	50,000
	TOTAL	100,000

Brief Financials

(Rs. in Millions)

Particulars	31.03.2006	31.03.2005	31.03.2004
Sales & Other Income	0.08	2.58	2.74
PAT	(0.03)	1.47	(0.02)
Equity Capital	0.10	0.10	0.10
Share Application Money	0.01	0.00	0.00
EPS (Rs.)	-	14.70	-
Book Value/Share (Rs.)	-	-	-
Reserves & Surplus	-	-	-

None of the above companies have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 or is under winding up.

Disassociation of the Promoters

Promoters have not disassociated from any of the Companies/firms during the preceding three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Red Herring Prospectus. You are also advised to read the section titled "Risk Factors", which discusses a number of factors and contingencies that could impact our financial condition, results of operations and our cash flows. The following discussion relates to our company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 211(3C) of the Companies Act. The following discussion is also based on internally prepared statistical information and publicly available information.

The following discussion does not relate to our results of operations after the year ended March 31, 2006. For a discussion on our results of operations after the year ended March 31, 2006 please see the Section titled "Significant Developments after March 31, 2006 that may affect the future of our Operations on page 173 of this Red Herring Prospectus".

OVERVIEW

The company was incorporated as Autoline Stampings Pvt Ltd (Autoline) on December 16, 1996 (Now Autoline Industries Ltd.). The company is engaged in manufacturing of various auto parts, sub-assemblies and assemblies and the company is the preferred supplier to leading automobile majors such as Tata Motors Ltd, Bajaj Auto Ltd, Kinetic Engineering Ltd and Mahindra & Mahindra Ltd. The company is also exporting brake shoes to the Gulf for after sales market through our joint venture "Union Autoline Spare Parts, LLC." UAE.

Presently we are supplying more than 400 auto components to various OEMs out of which 130 components are single source supply to Tata Motors Ltd. The company has become a single source of supply for such a large number of components because of its die making & Tooling capability for new components. We have in house CAD/CAM facility and our subsidiary Autoline Dimensions Software Pvt.Ltd has expertise in design engineering services which enable us to design the tooling for any new component that may be required by our customers. With the help of CAD/CAE/CAM facility the technical specifications in terms of tolerances etc are incorporated at the design stage itself and production of the Dies & Tooling starts after approval from the customers. This technology has reduced the Dies & Tooling time significantly as well as our response time to customer needs. The CAD/CAM and design engineering facilities represent a significant competitive advantage as a result of which we are in a position to meet the exact quality specifications and delivery schedules of our customers. As a result of the company's adherence to high quality standards, Cost Competitiveness and Timely Deliveries, Tata Motors has identified the company as a key Original Equipment Supplier in the sheet metal category.

Tata Motors Ltd has introduced some new vehicles which have been well accepted in the market. Tata Motors is also planning to introduce certain new products for which they are planning to create capacity within existing premises by outsourcing the major components like Door Assemblies and other Aesthetic parts which are now produced in-house. In order to meet these increased requirements we have already installed a press line of presses ranging from 800 MT to 1050 MT capacity (First Phase of our expansion initiative) and are planning to set up another press line of 10 presses with capacity ranging from 500 to 1650 MT, a State of the Art Paint shop, along with testing facilities etc. These new facilities will enable us to manufacture and supply the body parts of vehicles including cars for different manufacturers. Setting up the paint shop and installing the new press line with up to 1650 MT capacity represents a significant move up the value chain for us and is expected to improve our margins in the future.

For further details, please refer to the section titled "Our History and Corporate Structure" of this Red Herring Prospectus.

Significant developments subsequent to the last financial year

The company has paid a final dividend of 8% making the total dividend of 18% for the year 2005-06.

The promoters of the company entered into a Share Purchase Agreement with Duke Advisors Private Limited, Pune on 29th June, 2006 for dilution of stake of promoters to the extent of 17,00,000 shares (4,25,000 of each of the four promoters)..

The promoters also entered into a Share Purchase Agreement with TS India Holdings, LLC, Delaware, USA, a company promoted for funding the facilitation of the growth of the transportation sector, for sale of 1000000

shares of Rs. 10 each (2,50,000 shares by each of the four promoters) at a premium of Rs.90 per share.

The Promoters have also entered into an agreement with TS India Holdings, LLC, Delaware, USA on 29th June, 2006 for rendering automotive industry related consultancy services.

Factors that may affect the results of our operations.

The following factors may adversely affect our future operations

- (1) Substantial part of our turnover is concentrated on a few vehicle manufacturers such as Tata Motors Ltd, Bajaj Auto Ltd etc and any change in the purchasing policy of these companies can affect the operations of the company.
- (2) In order to remain competitive, the original equipment manufacturers such as Tata Motors will continue to stipulate cost reduction targets which is likely to put pressure on our profitability.
- (3) Exports of cheaper auto components from China could increase in the future resulting in greater competition for auto component manufacturers in India including us.

For other factors that may adversely affect the results of our operations please refer to the Risk Factors on pages x to xviii of this Red Herring Prospectus.

Results of Operations:

Income, Expenditure and Net Profit for the past four years are tabulated below:

(Rs. in millions)

	31.03.04 Amount	Increase/ Decrease %	31.03.05 Amount	Increase/ Decrease %	31.03.06 Amount	Increase/ Decrease %	30.11.06 Amount	Annualised Increase/ Decrease %
Income								
Net Sales	510.81	87.16%	684.82	34.07%	1113.26	62.56%	1182.81	59.37%
Other Income	1.09	-3.54%	1.10	0.92%	0.96	-12.73%	0.88	37.34%
Increase/ Decrease in								
Inventory	31.09	647.36%	19.50	-37.28%	32.46	66.46%	57.77	166.96%
Total Income	542.99	95.17%	705.42	29.91%	1146.68	62.55%	1,241.46	62.40%
Expenditure								
Material Consumed	372.59	110.36%	461.04	23.74%	788.64	71.06%	753.27	43.27%
Staff Cost	15.87	78.92%	23.30	46.82%	16.32	-29.96%	33.22	205.33%
Other Manufacturing Exp.	106.84	93.17%	148.44	38.94%	167.8	13.04%	313.41	180.16%
Admin & Sales Exps.	16.05	63.28%	21.56	34.33%	57.93	168.69%	24.90	-35.53%
EBITDA	31.64	16.80%	51.08	61.44%	115.99	127.08%	116.66	50.87%
Interest	15.5	13.64%	16.22	4.65%	17.57	8.32%	15.01	28.14%
Depreciation	9.9	32.53%	14.74	48.89%	21.06	42.88%	17.12	21.94%
Misc Exps W/Off	0.31	10.71%	0.32	3.23%	0.31	-3.13%	-	
Prior Year Expenses	0		0		0			
Net Profit Before Tax	5.93	4.04%	19.8	233.90%	77.05	289.14%	84.53	64.56%
Current Tax & Deferred	0.5	11.11%	1.6	220.00%	6.92	332.50%	9.74	111.13%
Tax								
Net Profit after Tax	5.43	3.43%	18.2	235.17%	70.13	285.33%	74.79	59.97%

Period Ended On	31.03.04 Amount	Increase/ Decrease %	31.03.05 Amount	Increase/ Decrease %	31.03.06 Amount	Increase/ Decrease %	30.11.06 Amount	Annualised Increase/ Decrease %
Total Income	542.99	100.00%	705.42	100.00%	1146.68	100.00%	1241.46	100.00%
Total Expenditure	536.75	98.85%	685.3	97.15%	1069.32	93.25%	1156.93	93.19%
Misc. Exps W/Off	0.31	0.06%	0.32	0.05%	0.31	0.03%	0	0.00%
Net Profit Before Tax	5.93	1.09%	19.8	2.81%	77.05	6.72%	84.529	6.81%

(Rs. in million)

Particulars	2002-03	As % of total income	2003-04	As % of total income	2004-05	As % of total income	2005-06	As % of total income
Total Income	278.22	100.00	542.99	100.00	705.42	100.00	1146.68	100.00
Total Expenditure	272.24	97.85	536.75	98.85	685.30	97.15	1069.32	93.25
Misc Exps W/Off	0.28	0.1	0.31	0.06	0.32	0.04	0.31	0.03
Net Profit Before Tax	5.7	2.05	5.93	1.09	19.8	2.81	77.05	6.72

OUR SIGNIFICANT ACCOUNTING POLICIES

Preparation of financial statements in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP), the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 1956, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. For further details on these judgments, assumptions and estimates as reflected in our accounting policies, please refer to the section titled “Financial Statements – Significant accounting Policies” beginning on page 126 of this Red Herring Prospectus.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following significant accounting policies warrant additional attention of the investors.

1. System of Accounting

The company follows mercantile system of accounting and recognizes income on accrual basis. The accounts are prepared on historical cost basis as a going concern. Spares, tools when used for manufacturing activity are treated as revenue expenditure. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles and trade practices.

2. Inventories

Inventories are valued at Cost on First in First out (FIFO) basis plus Direct Cost incurred to bring the stock to its existing level or realizable value whichever is lower.

3. Events occurring after the date of Balance Sheet

There are no such events which have substantial impact on the results of the Current Year Balance Sheet

4. Fixed Assets

Fixed Assets are accounted at Cost. Additions are recorded at cost of acquisition net of Cenvat/ VAT for which credit is taken.

5. Depreciation

Depreciation has been calculated on Written Down Value as per the rates prescribed under Schedule XIV of the Companies Act, 1956. The Depreciation calculated as per above method on the difference between revalued reserve and the original value have been reduced from the total Depreciation and has also been reduced from the Revaluation Reserve.

6. Revenue Recognition

Sales are accounted on gross basis inclusive of Sales Tax and Excise duty less Sales Returns/Rejections. Revenue from sale of products is recognized upon passage of title to the customer on acceptance of goods which generally coincide with the dispatch of materials.

7. Foreign Currency Transactions

Foreign currency transactions are recorded at the rate at the time of realization/ payments and /or at the rate of credit to the Bank account by the Banker. Exports are recorded at the rate at which sales amount is realized and credited to the account of the company. At the close of the year outstanding balances in foreign currency are converted in Indian Rupees at the rate applicable on the last date of the year of Forward Contract rate whichever is less as required by AS 11 issued by the ICAI. The difference in realization is adjusted in Profit & Loss Account for revenue account and adjusted to Fixed Assets when it relates to Capital Goods.

8. Investment

Investments are carried at lower of Cost or Market Value and provision is made to recognize any decline in the carrying value, as applicable. Interest earned on Bank Fixed Deposit is accounted on accrual basis. Unquoted Investments are accounted at cost.

9. Retirement Benefit Costs

Contribution to Gratuity Fund is made to the Scheme maintained by Life Insurance Corporation of India Ltd. (LIC) and the same has been debited to Profit and Loss Account. Leave Encashment has been accounted for on payment basis.

10. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of fixed assets are capitalized till the month in which the asset is put to use/asset comes into existence as part of that value of the asset.

11. Contingent Liabilities

Contingent Liabilities and claims against the company not acknowledged as debts:

a) **Export Obligation:** Export Obligation in respect of saving in Custom Duty on Import of Machinery is to be completed up to 23/05/2008. Export Obligation up to 31.03.2006 cleared by payment of Compensation of Rs.6, 97,080. Amount due only after 31.03.06 can not be worked out hence the liability for the period ended on 30.11.2006 is not defined. (Previous Year: NIL)

COMPARISON OF PERIOD ENDING ON 30.11.2006 WITH FISCAL 2006.

Significant developments after 31 March 2006:

The commercial production of load body for Tata Ace Mini Truck commenced in April 2006 with production of 200 nos per day going up to 350 nos by Nov 2006. This assembly consists of about 70 sub-parts and being a large size assembly there is better value addition for this product as compared to simple pressed parts.

During the year production of Front Floor Assembly for cars with utilisation of Robot, a critical assembly, the complex toolings for which were made in-house, commenced aiding in reasonably good value addition.



A robot was installed to automate the line and perform precision jobs with larger volumes.

The operations of Western Pressings Pvt. Ltd., taken over in the month of Nov 2005, were merged with the operations of Autoline Industries Limited. This has also contributed to the increase in turnover for the period ended 30.11.2006.

The Plant at Chakan Unit II also commenced Trial Productions and became partly operational in the month of Nov 2006. Additional press line has been ordered and advances for the same have been made during the period.

Sales:

Our Sales Income increased from Rs. 1113 million to Rs. 1183 million registering a growth of 60% (Annualised). The growth has been due to overall increase in volume and additions of large assemblies such as load body (with 70 parts), front floor assembly (with 14 parts) etc.

Manufacturing expenses:

Though the sales grew 60% our manufacturing expenses did not rise proportionately due to increased volumes and resultant economies of scale.

Earnings before Interest, Depreciation & Tax (EBITDA)

EBITDA improved from Rs.115.99 million in 2005-06 to Rs. 116.66 million during period ending on 30.11.2006 due to efficiencies, value additions and better realizations..

Interest Cost

Though there has been a slight increase in absolute terms, interest cost as percentage of total expenditure reduced in spite of the large increase in turnover, due to better funds management and the effect for full year of the conversion of Rupee loans to Foreign Currency Loans during the previous year.

Net Profit

Our net profit after tax has grown by 60% during the period 30.11.2006 (Annualised) as compared to 2005-06 due to (a) higher volume of sales, (b) better value realizations from assemblies, (c) cost reduction because of economies of scale and automation of processes.

COMPARISON OF FISCAL 2006 WITH FISCAL 2005

2005-06 vs. 2004-05

Significant developments after 31 March 2005 and up to 31 March 2006:

The commercial production of load body for Tata Ace Mini Truck commenced in April 2005 with an initial production of 20 nos per day going up to 200 nos by March 2006. This assembly consists of about 70 sub-parts and being a large size assembly there is better value addition for this product as compared to simple pressed parts.

During the year production of Front Floor Assembly for cars, a critical assembly, whose large tooling were made in-house, commenced giving good value addition.

A robot was installed to automate the line and give precision jobs in larger quantities.

We also entered into a joint venture with a local partner (who will have 51% holding) in UAE to set up "Union Autoline Spareparts LLC" a company that is expected to play a significant role in reaching out to customers in Gulf and Africa.

We took over the operations of Western Pressings Pvt. Ltd., a private limited. company in Pune, engaged in the business of manufacturing formed tubular components and Exhaust Systems for commercial vehicles and other manufacturing activities. The paid up capital of the company is Rs 13 million divided into 13, 00,000 shares of Rs.10/- each.

We also acquired a majority stake in Dimensions Engineering Software Services Pvt. Ltd in Pune a company engaged in the design engineering services, since renamed as Autoline Dimensions Software Pvt.Ltd. This acquisition is expected to make a significant player in the outsourcing market for global auto manufacturers as



now we are in a position to offer engineering solutions from design to delivery. We have identified this area for future growth as we have the necessary domain expertise in actual manufacturing of components which will be a source of competitive advantage in engineering design services. This experience differentiates us from other software companies who are in this business segment

We started the expansion project with an estimated investment of Rs.570 million on 7 acres of land (out of 15 acres acquired last year) adjacent to the existing Chakan Factory.

Sales:

Our Sales Income increased from Rs. 684 million to Rs. 1113 million registering a growth of 62%. The growth has been due to overall increase in volume of components and the product mix becoming diversified with additions of large assemblies such as load body (with 70 parts), front floor assembly (with 14 parts) etc. The assemblies are complex components enabling the company to achieve better realizations as compared to simple ones.

The increase in sales has been to the tune of Rs.430 million. Approx 50% of this increase has been due to introduction of new products such as load bodies, front floor assembly and suspension tower., 40% due to increase in volumes and the remaining 10% due to escalation in steel prices and consequent increase in prices of our products.

Manufacturing expenses:

Though the sales grew 62% our manufacturing expenses did not rise proportionately. The manufacturing cost rose by 53.72%. The reduction manufacturing costs has been achieved as there has been a significant reduction in staff costs by 29.96% due to increased volumes resulting in economies of scale, process automation and better management of resources.

Earnings before Interest, Depreciation & Tax (EBITDA)

EBITDA improved by 127.08% from Rs.51.08 million in 2004-05 to Rs. 115.99 million during 2005-06. This could be achieved because of a 62% rise in sales, Reduction in staff costs by 29.96% because of economies of scale, process automation etc.

Interest Cost

Though there has been a slight increase in absolute terms, interest cost as percentage of total expenditure reduced in spite of the large increase in turnover, due to better funds management and the effect for full year of the conversion of Rupee loans to Foreign Currency Loans during the previous year.

Net Profit

Our net profit after tax has grown by 285% during 2005-06 as compared to 2004-05 due to (a) higher volume of sales, (b) better value realizations from assemblies, (c) cost reduction because of economies of scale and automation of processes.

Comparison of the year 2004-05 with the year 2003-04

Significant developments from 31 March 2004 to 31 March 2005

The factory at T-135, MIDC, Bhosari was further expanded and started manufacturing parts for Bajaj Auto Ltd., Fiat, Walker Exhaust (India) Pvt. Ltd. (subsidiary of Fortune 500 company – Tenneco, USA) and Tata Motors Ltd., (commercial vehicle parts). The Chakan factory, which manufactures big assemblies got a boost due to larger critical assemblies for cars developed as a second source, (due to in-house designing and manufacturing of large sized dies using CAD/CAM facilities), contributed in a big way to growth in sales. The production of Indica cars, Indigo cars and the new Marina by TATA Motors Ltd. (including production of cars for export).

The factories at T-135, MIDC and Kudalwadi obtained certifications of ISO 9001 : 2000 while the factory at Chakan was certified as ISO/TS 16949. Thus all the manufacturing facilities were certified for International Standards.

We were able to obtain FCNR (B) term loans from Bank of Baroda which resulted in decrease in the interest costs.

Sales:

The sales turnover at Rs.685 million showed a growth of 34% against last year's turnover of Rs.511 million.

Manufacturing expenses:

Manufacturing expenses increased 27% though sales grew by 34%. However Manufacturing expenses as percentage to net sales declined from 91% during 2003-04 to 89.7% during 2004-05.

EBITDA

EBITDA showed a growth of 61.44% from Rs. 31.64 million in 2003-04 to Rs. 51.08 million during 2004-05. This was partly due to compensation of abnormal increases in steel prices during the previous year and compensated by the OEMs during 2004-05

Net Profit

The Profit after Tax for the year was Rs.18.2 million compared to previous year's profit of Rs.5.43 million. The Net Profit after tax registered a growth of 235% during 2004-05 as compared to the earlier year.

Comparison of the year 2003-04 with the year 2002-03**Significant developments from 31 March 2003 to 31 March 2004**

During the year, the factory at T-135, MIDC has got certified DIN EN ISO 9001: 2000 while the factory at Chakan was already certified as DIN EN ISO 9002: 1994 and QS 9000: 1998. Further, the company has changed the Bankers from Rupee Bank to Bank of Baroda, i.e. from a cooperative bank to a nationalized bank which facilitated substantial growth in operations as well as reduction in the cost of funding.

We took over three small Tier-II & III components suppliers to Tata Motors along with their dies and tools as part of the rationalization of small vendors by OEMs.

We acquired 15 acres of freehold land at Chakan near the existing factory premises for future expansions.

Sales

Net sales grew by 87% from Rs.272.93 million in the earlier year to Rs.510.81 million during 2003-04. This was enabled by the enhanced demand for parts for Tata Indica car, new components developed by us as well as the diversification of our product profile enabled by the acquisitions of small manufacturing units as mentioned above.

Manufacturing expenses:

Manufacturing expenses to net sales increased from 87% in 2002-03 to 91% during 2003-04 due to continuous abnormal rise in steel prices during the whole year.

EBITDA

Increased by 17% in absolute terms though as percentage to sales EBITDA declined from 10% during 2002-03 to 6% during 2003-04. This was, as already explained above, due to increase in cost of inputs.

Net Profit

Due to continued increase in steel prices during the whole year and consequent pressure on margins, the profitability has not been able to keep pace with the growth in sales. Though in absolute terms there was a marginal increase in net profits after tax from Rs.5.25 million in 2002-03 to Rs.5.43 million in 2003-04, as percentage of net sales net profits declined from 1.89% to 1% registering a significant fall.

Comparison of the year 2002-03 with 2001-02

The turnover at Rs.270 million has shown a growth of 28% against last year's sales of Rs.210 million. In addition, Amogh Engineers Pvt. Ltd., an associate company, manufacturing proprietary items like axle brake assemblies and brake shoes (for exports) clocked sales of Rs.40 million. Due to continued increase in steel prices during the whole year and consequent pressure on margins, the profitability could only be just maintained at previous year levels.

The factories located at Kudalwadi and Jadhavwadi were streamlined for production of Kinetic parts and Indica door hinges and small parts respectively. The factory at T-135, MIDC, Bhosari was expanded and made fully operational and is now manufacturing parts for Bajaj Auto Ltd., Fiat and TELCO (commercial vehicle parts).

The Chakan factory contributed in a big way due to increased production of Indica cars and the new parts for supplies to Indigo car.

The organizational structure was revamped to meet the increased production demands at all the plants, each of which have been made self sufficient with regard to infrastructure requirements. The quality control systems and computerization process were further strengthened to increase the efficiency and profitability in due course. The continued efforts to reduce the financial cost is likely to bear fruit shortly and enhance profitability to a great extent.

Taking into consideration the business development efforts in both domestic and export markets, and the start of actual supplies with the dies already made the turnover in 2003-04 is expected to touch Rs.480 million. Further, due to Vendor Rationalization by OEMs like TELCO, Bajaj Auto, export order of Rs.12 million per annum for brake shoes just received and negotiations at an advanced stage for exports worth Rs.200 million to a Fortune 500 company in USA/Germany (already supplying similar parts to the Indian subsidiary); actual sales can even touch around Rs.600 million.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (a) OF SEBI DIP GUIDELINES

◆ Unusual or infrequent events or transactions

There have been no unusual or infrequent events or transactions.

◆ Significant economic changes

There are no significant economic changes that will affect the industry.

◆ Known trends or uncertainties that have had or are expected to have a material adverse impact on income from operations

Other than as described below under “Seasonality of Business” to the best of our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

◆ Future relationship between costs and revenues

We are constantly endeavoring to create efficient manufacturing processes resulting in cost reductions. We expect to continue our efforts in improving our technology initiatives and try and realize better margins in the future. Any change in government policies relating to indirect taxes such as excise duty can affect the cost of our products. Further with increasing manufacturing capacities that are being created we expect economies of scale to significantly add to our operating efficiencies and reduce operating costs vis-à-vis our operating income.

Except as stated above and others as covered under Risk Factors given in this Red Herring Prospectus, to the best of our knowledge, there are no known factors, which are likely to affect the future relationship between our costs and revenues, or which will have a material impact on the operations or the finances of our company.

◆ Seasonality of business

We are in the automobile component manufacturing sector which is not a cyclical industry. However our profitability may fluctuate in future depending on a number of factors including fluctuation in rupee value, import tariff, domestic duties and taxes, changes in relationship between revenue and cost and consolidation in the auto component industry, effect of economic cycles, availability and price of raw material, change of Govt. policies, addition of new machinery and other general economical and business factors. Due to all or any of these factors it is possible that in some future year the company’s operating results may vary from the expectations of share holders, market analysts and public.

◆ Dependence on single or few customers

The company is dependent on few customers. However, this is not likely to affect the operations as these companies are significantly scaling up their operations. Moreover, the company has entered into arrangements with other companies for supply of heavy load bodies and has also set up a joint venture in UAE that is expected to provide direct links to markets overseas. It is therefore, expected that dependency on a few customers will be significantly reduced in the future years.

◆ Competitive Conditions

With the globalization of the Indian economy and opening up of the industrial environment leading global automobile industry players are entering the market with latest technologies and we will have to face competition from such manufacturers or joint ventures which may be set up by such manufacturers in India. However we are constantly endeavoring to adapt to the latest technologies and production processes to face such competitive conditions.

• Total Turnover of the Industry

For data on the turnover for automotive component industry, please refer to the section titled “Industry Overview” on page 57 of this Red Herring Prospectus.



New Products or Business Segments

While increasing our manufacturing capacities for sheet metal components, sub-assemblies, assemblies etc we have also entered into arrangements for supply of large load bodies for heavy commercial vehicles, design engineering services etc. which are expected to give us an edge over our competitors while improving our margins.

**Changes in Accounting Policies in the last three years**

There have been no significant changes in accounting policies during the preceding three years. Changes if any are disclosed as part of Auditors report

BRIEF DETAILS OF THE WORKING CAPITAL AND TERM LOANS FACILITIES AVAILED BY THE COMPANY.

Secured Loans

A) Bank of Baroda

Bank of Baroda, Pimpri, Pune have vide their letter No: SSIPIIM/ADV/9/2005/ dated 21.02.2005 has provided Term Loan and Working Capital facilities details of which are as follows:

i) Term Loan : External Commercial Borrowings(ECB) and/or Rupee Term Loan

Facility	Term Loan – I Term Loan – II Term Loan – III (WCTL) Term Loan – IV FCNR(B)		Rs.75.00 million Rs.30.00 “ Rs.30.00 “ Rs.90.00 “	
Limit	Rs. 225.00 million			
Purpose	1. Existing Term Loans with Outstanding Balance 2. Rs. 90.00 million for creation of additional infrastructure by way of acquiring new Land, Building, Plant & Machinery and other Fixed Assets.			
Interest	2.25% p.a. over Benchmark Prime Lending Rate (BPLR) payable at monthly rests. In case of FCNR(B) as approved by International Division of Bank			
Period	1.Term Loan –I – 52 months from November, 2004 2. Term Loan-II – 61 months from November, 2004 3. Term Loan-III – 55 months from November, 2004 4. Term Loan-IV – 72 months from the date of initial disbursement.			
Repayment Schedule	Loan	Installments (Monthly)	Amount (Rs. million)	Commencing from
	T L-I	52	1.25	March 2004
	T L-II	60	0.50	December 04
	T L-III	55	0.50	June 2004
	T L-IV	60	1.50	12 months after initial disbursement
	The company has to service interest as and when applied, at present each month.			
Security	1. Demand Promissory Note 2. Mortgage of entire fixed assets of the company incl. Land & Building situated at a) Survey No.825, Kudalwadi, Chikhali Pune; b) S.No.287 and 291 to 295 and 298, Nanekarwadi, Chakan, Taluka Khed, Pune; c) S. No.313, 314, 320, 321, 322 and 323 Nanekarwadi, Chakan, Taluka Khed, Pune. 3. First Charge by way of hypothecation of all the Company’s movables, book-debts and including movable machinery, spares, tools and accessories both present and future. 4. Extension of Equitable mortgage on the personal properties of the directors 5. Letter of Installment executed by the Company and its Directors.			
Guarantor	Personal Guarantee of all the Directors – Mr. Vilas Lande, Mr. Shivaji Akhade, Mr. Sudhir Mungase and Mr. M. Radhakrishnan			
Amount of Loan Outstanding as on Date (31st March, 2006)	Rs.193.46 million			

ii) Working Capital Limits

Nature of Facility	Line of Credit	Rs. 107.00 millions
	Cash Credit	(Rs.107.00 million)
	L/C (Inland/Import) Usance – 89 days	(Rs.30.00 million)
	Bills Discounting (89 days)	(Rs.30.00 million)
	Drawing against cheques in clearing	(Rs.10.00 million)
Purpose	CC: For Working Capital requirements L/C: Procurement of Raw Materials/ Spare Parts BD: For discounting of supply bills to and Accepted by A+/Blue chip companies like Bajaj Auto, Kinetic Engg., Mahindra & Mahindra, Fiat Ind., Piaggio Ind., Walker Exhaust Ind. etc. of the maturity up to 89 days. Drawing against Clearing: For the cheques deposited of the A+/Blue chip companies like Bajaj Auto, Kinetic Engg., Mahindra & Mahindra, Fiat Ind., Piaggio Ind., Walker Exhaust Ind. etc. and Banks/Financial Institutions	
Interest	CC: 0.50% over bank's BPLR payable at monthly rests. Additional interest of 0.25% to be charged for L/C BD: Charges - As per bank's guidelines; Commission on L/C: commission – As per bank's guidelines Drawing against Clearing: CC Limit for the Out of Fund Position	
Period	12 months	
Security	1. Demand Promissory Note 2. Exclusive First Charge on the Current Assets i.e. Raw material, Stock-in-process, finished goods, Consumable Stores & Spares, etc. and Book-Debts of the Company by way of hypothecation 3. Extension of Charge on the fixed assets of the company for Term Loans above. 4. Extension of Mortgage on the personal properties of the directors 5. Stamped L/C Application Form. 6. Letter of BP Undertaking 7. Letter of Continuing Security	
Guarantor	Personal guarantee of Mr. Vilas Lande, Mr. Shivaji Akhade, Mr. Sudhir Mungase and Mr. M. Radhakrishnan	
Amount of Loan Outstanding As on date (31 st March, 2006)	Rs.63.75 million	

B) Kotak Mahindra Bank

i) Term Loan

Kotak Mahindra Bank Ltd. (KMBL) vide their letter No: SME/030106/1281 dated March 29, 2006 and SME/0121006/1969 dated October 13, 2006, has provided Term Loan facilities of Rs. 30.00 million, and Rs. 20 million respectively details of which are as follows:

Nature of Facility	Corporate Loan of Rs. 30.00 million
Interest	KMBL's Benchmark Prime Lending Rate less 3.5% p.a.
Period	36 months
Repayment	Loan to repaid in Equated Principal Installment by post dated cheques and interest to be debited to the current account on a monthly basis.
Security	First Charge on Fixed Assets (existing and future) and current assets of Western Pressing Pvt. Ltd.
Guarantor	Personal Guarantee of Mr. S.T. Akhade, Mr. Sudhir Mungase, Mr. Vilas Lande and Mr. M. Radhakrishnan
Amount of Loan Outstanding As on date (31 st March, 2006)	Rs.23.33 million



Nature of Facility	Corporate Loan of Rs. 20.00 Millions (Closure of Term Loan of Vasantdada Shetkari Sahakari Bank Ltd.)
Interest	KMBL's Benchmark Prime Lending Rate less 4.5% p.a.
Period	36 months
Repayment	Loan to be repaid in Equated Principal Installment by post dated cheques and interest to be debited to the current account on a monthly basis.
Security	First Charge on Fixed Assets (existing and future) and current assets of T-135, MIDC, Bhosari Unit of Autoline Industries Ltd.
Guarantor	Personal Guarantee of Mr. S.T. Akhade, Mr. Sudhir Mungase, Mr. Vilas Lande and Mr. M. Radhakrishnan
Amount of Loan Outstanding As on date (30th Nov, 2006)	Rs.17.64 Millions

INDEBTEDNESS

We are currently enjoying following facilities from the below mentioned Banks, the details of which are as under:

(Rs. in millions)

Nature of Facility	Sanctioned Amount	Amount Outstanding on 30.11.06	Bank	Security
SECURED LOANS				
Term Loan – I	75.00	145.27	Bank of Baroda, Pimpri Pune	First Pari Passu Charge on all the fixed assets of the company including equitable mortgage of factory land & Building of the company. Personal Guarantee of Promoters
Term Loan – II	30.00			
Term Loan – III (WCTL)	30.00			
Term Loan – IV FCNR(B)	90.00			
TOTAL	225.00			
Line of Credit	107.00	121.92	Bank of Baroda, Pimpri, Pune	Hypothecation of all kinds of Stocks and Receivable and all current assets of the company.
Cash Credit	(107.00)			
L/C	(30.00)			
Bill Discounting	(30.00)			
Cheque Clearance	(10.00)			
Corporate Loan	50.00	40.97	Kotak Mahindra Bank Ltd. Pune	First Charge on Fixed Assets (existing and future) and current assets of Western Pressing Pvt. Ltd. Personal Guarantee of Promoters
Car Loans		<u>0.70</u>	1. HDFC Bank 2. ICICI Bank 3. Kotak Mahindra Bank 4. Tata Finance Ltd.	Hypothecation of vehicles owned by the company
		<u>0.79</u>		
		<u>0.83</u>		
		<u>0.06</u>		
		2.38		

(Rs. in millions)

UNSECURED LOANS				
Inter Corporate Deposit	15.00	6.00	Duke Advisors Pvt. Ltd	ICD
Inter Corporate Deposit	30.00	30.00	Blue Shell Investment Pvt.Ltd.	ICD
Corporate Loan	70.00	.69.35	Kotak Mahindra Bank Ltd.	Personal Guarantees of promoters
Loans	.140.38	140.38	Promoters	
Sales Tax Deferral	26.60	26.60	Government of Maharashtra	
Total	281.98	272.33		

SECTION VI: LEGAL AND OTHER INFORMATION

1. Outstanding Litigations and Material Developments

Cases filed by the Company

Case No./Year of Filing	Case Title	Forum	Nature of Case	Status and Impact (Claim Amt., Prov. made in B/Sheet)
1184 of 2003	Autoline Industries Limited V/s. M.S.E.B.	Civil Court, PUNE	Civil. Demand for additional electricity payment for a past period. Amount involved Rs.16,43,000/-.	Interim Application decided in company's favor in 2003.
Appeal No. 113 of 2004	M.S.E.B. V/s. Autoline Industries Limited	District Court, PUNE	Misc. Civil Appeal filed by MSEB against the above judgement of the Civil Court	Matter pending and no hearings have taken place for the past two years.

Outstanding litigations Other than the above

Apart from above there are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings or tax liabilities, overdues to banks/financial institutions, defaults against banks/ financial institutions, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company or its Subsidiary or its Group Companies or its promoters or its directors and no defaults of payment of statutory dues against the Company including under the excise, customs, sales tax, income tax and service tax, and no disciplinary action has been taken by SEBI or any stock exchanges against the Company.

2.Contingent liabilities of the Company as of March 31, 2006:

- 2.1 Contingent liabilities of the Company as of 31st March 2005 and 31st March 2006 as per the Audited Financial Statements are as follows:
- 2.2 The Company has imported capital goods under Export Promotion Capital Goods Scheme. Previous Export Obligation in respect of saving in Custom Duty on Import of Machinery is to be completed upto 23/05/2008. Export obligation upto 31.03.2006 cleared by payment of Compensation of Rs.6,97,080/-. Amount due only after 31.03.06 can not be worked out hence the liability for the period ended on 30.11.2006 is not defined. In the event of nonfulfilment of Export Obligation we have to pay prorated customs duty alongwith interest.

(Rs. in million)			
	Particulars	2005-06	2004-05
a)	Letters of Credit	NIL	NIL
b)	Bank Guarantees	0.66	0.66

3. Income Tax Liabilities

The Company has filed its income tax returns till the Assessment Year 2005-06. The contingent liability of the Company relating to income tax is Nil as of March 31, 2005 and there are no proceedings pending against the Company by the Income Tax Department and the Company is not disputing any tax demand.

4. Litigations / Disputes involving Securities related offences, including penalties imposed by SEBI or any other securities market regulator in India or abroad

NIL

5. Litigations involving statutory or other offences, including penalties imposed by any regulatory authority in India or abroad (present or past)

NIL

6. Outstanding litigation against the group companies and subsidiary company–

NIL

7. Litigation in relation to labour laws, and employee related cases: **NIL**

8. Litigation involving revenue authorities (customs/excise/sales tax/income tax/service tax): **NIL**

9. Litigation involving customers/suppliers/agents : **NIL**

10. Litigation in the nature of winding up petitions/ liquidation/ bankruptcy / closure filed by / against the company: **NIL**

11. Other Litigation:

i. Non payment of statutory dues or dues to Banks / Institutions: **NIL**

ii. Overdue interest/ principal as on current date: **NIL**

There have been no defaults and there are no over dues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

Further, there are no litigations/disputes/penalties or any proceedings known to be contemplated by government authorities.

No disciplinary action/investigation has been taken by the 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 Sec 370 (1B) of the Companies Act, 1956.

The Company, promoters, directors or any of the Company's Associates or Group companies or other ventures of the promoters and companies with which the directors of Autoline Industries Limited are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

No penalties were ever imposed by SEBI or any other regulatory body in India or abroad. Other than those mentioned above, there is no litigation against Autoline Industries Limited.

Other Litigation against Promoters:

Case No./Year of Filing	Case Title	Forum	Nature of Case	Status and Impact (Claim Amt., Prov. made in B/Sheet)
257 of 2005	Satyam Computers Vs Shri Rajiv Radhakrishnan & Others	Civil Court, Secunderabad	Civil	Around Rs 0.25 million Prov. in B/S NIL

The above case is filed against Shri Rajiv Radhakrishnan, as he has left the services of Satyam Computers before the expiry of the Service Bond. The Director of Autoline Industries Limited, Shri. Shivaji T. Akhade has executed a Deed of Guarantee in respect of the employment of Shri Rajiv Radhakrishnan with Satyam Computers. Therefore, Shri Shivaji T. Akhade is one of the parties to the above suit.

There are no other pending litigations in which the promoters are involved. Further, no defaults were made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the promoters and the companies/ firms promoted by the promoters.

Further, there are no 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.

Further, there are no litigations against the promoter involving violation of statutory regulations or alleging criminal offence.

There are no Pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters

There are no pending litigations, de faults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the issuer company as per section 370 (1B) of the Companies Act, 1956).

Litigation against Directors:

Case No./Date of Filing	Case Title	Forum	Nature of Case	Status and Impact (Claim Amt., Prov. made in B/Sheet)
257 of 2005	Satyam Computers Vs Shri Rajiv Radhakrishnan & Others	Civil Court, Secunde-rabad	Civil	Around Rs.0.25 million Prov. in B/S NIL

There are no pending litigations against the directors involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the directors.

There are no past cases in which penalties were imposed by the concerned authorities on the issuer company or its directors.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases, if found guilty), any disciplinary action taken by the SEBI / stock exchanges against the issuer company or its Directors.

Litigation against Group Company/ Associate Concerns: NIL

The promoters, their relatives (as per Companies Act, 1956), issuer, group companies, associate companies are not detained as willful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Default or rescheduling of loans etc.:

There are no defaults made by the Company and there is no reschedulement of payment of loans at present.

Penalties:

There are no penalties levied; show-cause notices issued by the Reserve Bank of India/Income Tax /Pension Authorities/Sales Tax/Commissioner of Employees Provident Fund/any other regulatory authority on the Company or on its promoters and directors.



Material developments since the last balance sheet which could have adverse impact on our operations

The company has paid a final dividend of 8% making the total dividend of 18% for the year 2005-06.

The promoters of the company entered into a Share Purchase Agreement with Duke Advisors Private Limited, Pune on 29th June, 2006 for dilution of stake of promoters to the extent of 17,00,000 shares (4,25,000 of each of the four promoters)..

The promoters also entered into a Share Purchase Agreement with TS India Holdings, LLC, Delaware, USA, a company promoted for funding the facilitation of the growth of the transportation sector, for sale of 1000000 shares of Rs. 10 each (2,50,000 shares by each of the four promoters) at a premium of Rs.90 per share.

The Promoters have also entered into an agreement with TS India Holdings, LLC, Delaware, USA on 29th June, 2006 for rendering automotive industry related consultancy services.

Government Approvals/Licensing Arrangements

Investment Approvals

There is no investment approval required for the Company from FIPB/RBI or any other authority.

Government approvals

In view of the indicative list of approvals mentioned below, the Company is permitted to undertake all the present or proposed activities and no further major approvals are required from any Government authority / statutory body to continue these activities. However, the Company may need to take additional approvals time to time that may be required to be taken in the normal course of the business.

Technical Approvals

There are no technical approvals required for the Company from any authority.

Approvals for the Business

The Company requires various approvals and registrations to carry on its business in India. The approvals and registrations that the Company has received are detailed below:

The Company has received the following licenses / approvals:

Sr. No.	Name of License/Registration	Licensing/Registering Authorities	Registration no.
1.	Certificate of Incorporation	Registrar of Companies, Maharashtra, Mumbai	11-104510
2.	Fresh Certificate of Incorporation (consequent to change of name of the Company)	Registrar of Companies, PMT Commercial Building, 3 rd Floor, Deccan Gymkhana, Pune - 411004	11-104510
3	Fresh Certificate of Incorporation (for Conversion into Public Limited Company)	Registrar of Companies, Pune	11-104510
4.	Importer – Exporter Code (IEC)	Regional Jt. Director General of Foreign Trade, Pune	3197032942 dt. 16.03.1998
5.	Registration certificate of Central Sales Tax	Dept. of Sales Tax, Govt. of Maharashtra	CST TIN: 27710410013C
6.	Registration certificate under MVAT Act, 2002.	Dept. of Sales Tax, Govt. of Maharashtra	VAT TIN: 27710410013V
7.	Permanent Account Number	Income Tax Office, Pune	AABCA4534D
8.	Registration under Secretariat for Industrial Assistance	Suptd. Industrial Officer (Licensing) Dir. of Industries, Mumbai	2687/SIA/IMO/2005 dt. 02.06.2005
9.	Registration under Service Tax	Supdt. Central Excise(STC), Pune-I	STC/BAS-675/PI-04 dt. 30.11.2004
10.	Registration under Central Excise	1.Suptd., Central Excise & Customs, Chakan Range	AABCA4534DXM002
		2.Commissionerate, Pune-I, Div.-V, Bhosari-III	AABCA4534DXM003
		3. Kudalwadi	AABCA4534DXM001
		4. F II Block Unit IV	AABCA4534DXM004
		5.Chakan Unit II	TEMPG1968XXN001
11.	Tax Deduction Account Number	NSDL, Mumbai	PNEA07017D
12	Provident Fund Number		MH/32844
13	Registration under E.S.I.	Sub-Regional Office, ESIC, Pune	R:NS:87:59(33)/11742/67 dt. 03.07.2002
14	Registration under Professional tax	Profession Tax Officer, Pune City	PT/R/2/213/6344 dt. 16.12.2000



15	Company Profession Tax No.	Professional Tax Officer, Pune	PT/E/2/2/7/5/2698
16.	Maharashtra Pollution Control Board Registration	MPCB Officer Pune	Chakan Unit I – WF/SRPII/UB/CC/39/368 Chakan Unit II – SROII/E-25/UB/CC/6962/6962

It must be specifically understood that in giving the above approvals, the Central / State Government or RBI does not take any responsibility for financial soundness or correctness of the statements made by the Company.

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the present issue

The Issue has been authorized pursuant to a resolution passed by the Board of Directors of the Company at its meeting held on July 01, 2006 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the extraordinary general meeting of the shareholders of the Company held on June 09, 2006.

Prohibition by SEBI

The Company, its Directors, its Promoters, the directors and persons in control of Promoters, its subsidiaries, its group companies, associates of its group companies and other companies promoted by the Promoters 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 or any other authorities nor have they been declared as willful defaulters by the RBI.

Eligibility for the Issue

In terms of clause 2.2.1 of the SEBI (DIP) Guidelines, 2000 an unlisted company may make an Initial Public Offering (IPO) of Equity Shares or any other securities, which may be converted into or exchanged, with Equity Shares at a later date, only if it meets all the following conditions.

(a) The company has net tangible assets of at least Rs. 30 million in each of the preceeding three full financial years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with clause 2.2.1(a) of the SEBI Guidelines.

Provided that if more than 50% of the net tangible assets are held in monetary assets, the company has made firm commitments to deploy such excess monetary assets in its business/project.

(b) The company has a track record of distributable profits in terms of Section 205 of the Companies Act, 1956, for at least three(3) out of immediately preceeding five (5) years has complied with Clause 2.2.1(b) of the SEBI Guidelines **Provided further that** extraordinary items shall not be considered for calculating distributable profits in terms of Section 205 of the Companies Act, 1956;

(c) The company has net worth of at least Rs.10 million in each of the preceding 3 full years (of 12 months each) and is compliant with Clause 2.2.1(c) of the SEBI Guidelines

(d) In case the company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the company from the activity suggested by the new name.

(e) 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), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year and is compliant with Clause 2.2.1(e) of the SEBI Guidelines

The Company satisfies the above eligibility criterion in the following manner:

(Rs. in million)					
Year	31.03.2006	31.03.2005	31.03.2004	31.03.2003	31.03.2002
Net Tangible Assets	778.98	456.28	215.41	165.26	133.80
Monetary Assets	1.62	1.00	0.16	(1.19)	2.48
Distributable Profits	70.13	18.20	5.43	5.25	4.08
Net Worth	212.55	87.29	70.99	56.73	35.42

Net Tangible Assets: means the sum of all net assets of the Company excluding 'intangible assets'.

Monetary assets means cash and bank balances

In addition to these, the company shall ensure that the number of allottees getting Equity Shares is not less than one thousand in number.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, BOB CAPITAL MARKETS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI(DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER BOB CAPITAL MARKETS LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGER, BOB CAPITAL MARKETS LTD. HAS FURNISHED TO

SEBI, A DUE DILIGENCE CERTIFICATE DATED 25.09.2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

(i) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(ii) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELLINFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**
- E) WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS**

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.”

THE BOOK RUNNING LEAD MANAGER AND THE COMPANY ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE RED HERRING PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT OUR INSTANCE AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS 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 THE PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK -IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, PMT COMMERCIAL BUILDING, 3RD FLOOR, DECCAN GYMKHANA, PUNE - 411004, MAHARASHTRA IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

GENERAL DISCLAIMER

The Company, its Directors and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of Company or its Directors or BRLM and anyone placing reliance on any other source of information, including the Company’s web site, www.autolineind.com would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and the Company and the Underwriting Agreement to be entered into between the Underwriters and the Company.

All information shall be made available by us, the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, 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 pension funds and to non-residents including NRIs and FIIs. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Pune, Maharashtra, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that 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.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“the Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

A copy of this Red Herring Prospectus, has been filed with the Corporate Finance Department of SEBI, SEBI Bhawan, Bandra Kurla Complex, Bandra East, Mumbai.

A copy of the Red Herring Prospectus, along with documents required to be filed under Section 60B of the Act, would be delivered for registration to the Registrar of Companies, Maharashtra, Pune and a copy of the Prospectus to be filed under Section 60 of the Act would be delivered for registration with the Registrar of Companies, Maharashtra, Pune.

Disclaimer Clause of BSE (Designated Stock Exchange)

As required, a copy of this Red Herring Prospectus has been submitted to the BSE. The Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter No. DCS/SK/SM/2006 dated October 17, 2006 permission to this Company to use the Exchange’s name in this Red Herring Prospectus as one of the Stock Exchange on which the Company’s securities are proposed to be listed. The Exchange has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness of any of the contents of this Red Herring Prospectus or
- Warrant that this Company’s securities will be listed or will be listed or will continue to be listed on the Exchange or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this company;

And it should not for any reason be deemed or construed that the Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited (NSE). NSE ("the Exchange") has given vide its letter No. NSE/List/32505-6 dated November 06, 2006 permission to this Company to use the Exchange's name in this Red Herring Prospectus as one of the Stock Exchange on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one related to the paid up capital (i.e. the paid up capital shall not be less than Rupees 100 million and market capitalization shall not be less than Rs.250 million at the time of listing). It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Red Herring Prospectus has been cleared or approved by NSE nor does in any manner warrant, certify or endorse the correctness of any of the contents of this Red Herring Prospectus nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange or nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this company;

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

UNDERTAKING FROM PROMOTERS AND DIRECTORS

The Issuer accepts full responsibility for the accuracy for the information given in this Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which makes any statement in this Red Herring Prospectus misleading and they further reconfirm that they have made all reasonable inquiries to ascertain such facts. The issuer further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this issue or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Red Herring Prospectus. The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of the investors in respect of the shares offered in terms of the Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be that any information/material has been suppressed/withheld and/or amounts to a misstatement/misrepresentation, the promoters/directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of the Section 63 of the Companies Act, 1956.

Filing

A copy of the Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, at Centre I, World Trade Centre, 29th Floor, Cuffee Parade, Mumbai – 400 005.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

Listing

Initial Listing Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of the Equity Shares. BSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after the Company become liable to repay it, i.e. from the date of refusal or within 15 or 30 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the

Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company with the assistance of the BRLM shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Statutory Auditor, Tax Auditor, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue and Legal Advisor to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Gujar Rawat Sheth & Associates, Chartered Accountants has given its written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Gujar Rawat Sheth & Associates, Chartered Accountants, have given their written consent to the inclusion of statement of tax benefits accruing to the Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Expert Opinion

We have not obtained any expert opinions nor any such opinions have been incorporated in this Red Herring Prospectus.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by the Company.

The estimated Issue expenses are as under:

Sr. No	Activity	Expenses (Rs. in million)	As a % of the issue size	As a % of the total issue expenses
1	Lead management fees, underwriting commission and selling commission	26.20	3.49	52.40
2	Advertising and Marketing expenses	6.00	0.80	12.00
3	Printing and stationery	10.00	1.33	20.00
4	Others (Registrars fee, legal fee, listing fee, etc.)	7.80	1.04	15.60
	Total estimated Issue expenses	50.00	6.63	100.00

Fees Payable to the BRLM

The total fees payable to the Book Running Lead Manager will be as per the memorandum of understanding dated March 17, 2006 with BOB Capital Markets Limited issued by the Company, a copy of which is available for inspection at the registered office of the Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the letter of appointment dated May 17, 2006 issued by the Company, a copy of which is available for inspection at the registered office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Previous Rights and Public Issues

The Company has not made any previous rights and public issues.

Previous issues of shares otherwise than for cash

The Company has not made any previous issues of shares otherwise than for cash except capitalization of reserves including revaluation reserves.

Particulars in regard to the Company and other listed Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, which made any capital issues during the last three years.

There are no listed companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956 which made any capital issue during the last three years.

Promise v/s performance

The Company has not made any public issue of shares since incorporation. There are no group companies, which have made any public issues.

Outstanding Debentures or Bond Issues or Preference Shares

The Company has no outstanding debentures or bond issues.

Stock Market Data for the Equity Shares

This being an initial public issue of the Company, no Stock Market data is available.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

The average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has formed an Investor Grievance Committee on August 04, 2006 under the Chairmanship of Mr. Mr. Prakash B. Nimbalkar, Independent, Non-Executive Director; with Mr. Ajit B. Karnik, Independent, Non-Executive Director and Mr. M. Radhakrishnan, Executive Director as members. The Company has also appointed Mr. Ashutosh B. Kulkarni as the Compliance Officer for this Issue.

Changes in Auditors

The auditors of the Company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by Sections 224 to 233 of the Companies Act.

There have been no changes of the auditors in the last three years.

Capitalization of Reserves or Profits

The Company has capitalized its reserves or profits from time to time details of which are provided in Section titled Share Capital on page 14 of this Red Herring Prospectus..

Revaluation of Assets

The Company has not revalued its assets in the last five years.

SECTION VIII- ISSUE INFORMATION

1. Terms of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, 1956, Our Memorandum and Articles, the terms of this Red Herring Prospectus, Bid Cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies, RBI and/or other authorities, as in force on the date of the issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized pursuant to a resolution passed by the Board of Directors of the Company at its meeting held on July 01, 2006 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the extraordinary general meeting of the shareholders of the Company held on June 09, 2006.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of the company including rights in respect of dividend. The Allottees in receipt of allotment of Equity Shares under this Issue will be entitled to pro-rata dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

Mode of payment of dividend

The Company shall pay dividend to the shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

Fresh Equity Shares with a face value of Rs. 10 each are being offered as part of the Issue at a price of Rs. [?] including premium of Rs. (?) per share. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Company's Memorandum and Articles.

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Articles of Association of the Company" on page no 216 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per existing SEBI DIP Guidelines, the trading of the Equity Shares shall only be in dematerialized form. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum allotment of (•) Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Pune, Maharashtra, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, 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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Notwithstanding anything stated above, since the Allotment 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 the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Subscription by Eligible Non Residents

There is no reservation for any NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation/allotment. **As per RBI regulations, OCBs cannot participate in the Issue.**

Application in Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only.

Minimum subscription

If the Company does not receive the minimum subscription of 90% of the net issue to public including devolvement of underwriters within 60 days from the date of closure of the issue, 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 prescribed under Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed issue is less than 1000 allottees, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

Withdrawal of the Issue

The Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

Arrangements for disposal of odd lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Restriction on transfer and transmission of shares

Nothing contained in the Articles of Association of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture Certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

ISSUE STRUCTURE

Public issue of (**) Equity Shares of face value of Rs.10/- each at a price of Rs. [?] for cash at a premium of Rs. [?] per Equity Shares aggregating Rs. 750 million (hereinafter referred to as the "Issue"), and the issue would constitute (**) % of the post issue paid up capital of the Company. The Issue is being made through Book Building Process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
(**) Number of Equity Shares	At least (**) Equity Shares	Minimum of (**)Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders	Minimum of (**)Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue Size available for allotment/allocation	At least 50% of Issue Size being allotted. However, up to 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds	Minimum 15% of the Issue Size or Issue Size less allotment of the QIB Portion and allocation to Retail Individual Bidders	Minimum 35% of the Issue Size or Issue Size less allotment of the QIB Portion and allocation to Non-Institutional Bidders
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares shall be allocated on a Proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000 and in multiples of [*] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000 and in multiples of [*] Equity Shares thereafter	[*] Equity Shares and in multiples of [*] Equity Shares thereafter.

Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits	Such number of Equity Shares not exceeding the Issue, subject to applicable limits	Such number of Equity Shares whereby the Bid Amount does not exceed Rs.100, 000.
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial Institutions as specified in Section 4A of the Companies Act, Scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million in accordance with applicable law	NRI, Resident Indian Individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs.100, 000 in value.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of Bid amount	Full Bid amount on bidding	Full Bid amount on bidding

* Subject to valid Bids being received at or above the Issue Price and subject to a minimum of 50% of the Issue being allotted to QIBs. The Issue is being made through the 100% Book Building Process wherein at least 50% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue would be allocated to Non-Institutional Bidders and not less than 35% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non -Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

2. ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the net Issue to the public shall be available for allocation to QIB Bidders on proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds. The remaining shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the issue price. Further not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to the Retail Individual Bidders and up to 15% of the net Issue to the public shall be available for allocation on a proportionate basis to Non -Institutional Bidders, subject to valid Bids being received at or above the Issue Price within price band.

Bidders are required to submit their Bids through the Syndicate. The Company, in consultation with the BRLM, would have the discretion to allocate to QIBs based on a number of criteria which would typically include but not be limited to the following: prior commitment, investor quality, price, earliness of bid. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that allotment to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting allotment in physical form. The Equity Shares, on allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.31 to Rs 38 per share, issue size of 7000 equity shares and receipt of five bids from bidders out of which one bidder has bid for 500 shares at Rs.38 per share while another has bid for 1,500 shares at Rs.37 per share. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	38	500	30.33
1000	37	1500	40.44
2500	35	4000	180.56
3000	33	7000	300.34
4000	31	11000	450.65

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs.33 in the above example. The issuer, in consultation with the BRLM, will finalize the issue price at or below such cut off price i.e., at or below Rs.33. All bids at or above this issue price and cutoff bids are valid bids and are considered for allocation in respective category.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the application form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid Cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs, Non Institutional Bidders and Retail Individual Bidders	White
NRIs and FIIs	Blue

Who can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Indian Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who is authorised under their constitution to hold and invest in equity shares;
- NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions; and
- Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Bidders are advised to ensure that any single bid from them does not exceed the investment limits are maximum number of equity shares that can be held by them under the relevant regulations or statutory guidelines.

Note: BRLM and Syndicate Members shall not be entitled to subscribe to this issue in any **manner** except towards fulfilling their underwriting obligation.

Application by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.
- No mutual fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights. These limits have to be adhered to by the mutual funds for investment in the equity shares.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Under the SEBI Guidelines 5% of the QIB portion has been specifically reserved for Mutual Funds.

Application by NRIs

Bid cum application forms have been made available for NRIs at the Registered Office of the Company. NRIs may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category. All instruments accompanying bids shall be payable in Mumbai only.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue issued capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the 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.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favor of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to the compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by NRI's or FII's on repatriation basis.

Bids and revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid Amount of up to less than Rs. 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than or equal to Rs. 1,00,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Amount exceeds Rs. 1,00,000; For further details, please refer to the sub-section titled “Maximum and Minimum Bid Size” on page no.192 of this Red Herring Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB's.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

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 33.3% of the corpus of the venture capital fund/ foreign venture capital investor.

The above information is given for the benefits of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes if applicable laws or regulations, which may happen after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of 25 Equity Shares and in multiples of 25 Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 25 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue to the public. However, the maximum Bid by a QIB Bidder should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid Closing Date/Issue Closing Date.**

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 1,00,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'. A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

Information for the Bidders

- (a) The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid Opening Date/ Issue Opening Date.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- (c) Any investor (who is eligible to invest in the Equity Shares according to the terms of this Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.
- (d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms which do not bear the stamp of the members of the Syndicate will be rejected.
- (e) Investors who are interested in subscribing for the Company's Equity Shares should approach the BRLM or syndicate Members or their authorized agent(s) to register their Bid.

Method and Process of Bidding

- (a) The Company and the BRLM shall declare the Bid Opening Date/Issue Opening Date, Bid Closing Date/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and

also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines amended from time to time. The BRLM and Syndicate Member shall accept Bids from the Bidders during the issue Period in accordance with the terms of the Syndicate Agreement.

(b) Investors who are interested in subscribing for the Company's Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

(c) The Bidding Period shall be a minimum of at least three working days and not exceed seven working days. In case the price band is revised, the revised price band and Bidding Period will be published in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated and the Bidding period will be extended for the further period of three days, subject to the total Bidding period not exceeding 10 working days. During the bidding period, the Bidders may approach the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details see the section titled "Issue Procedure -Bids at Different Price Levels" on page no. 191 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure-Build up of the Book and Revision of Bids" on page no. 196 of this Red Herring Prospectus.

(f) The Syndicate Members will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure -Terms of Payment and Payment into the Escrow Accounts" on page no. 191 of this Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 200 to Rs. 225 per Equity Share of Rs. 10 each, Rs. 200 being the Floor Price and Rs. 225 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (one).
2. In accordance with SEBI Guidelines, The Company reserves the right to revise the Price Band during the Bidding Period. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely

disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English & Hindi] and a regional newspaper and also by indicating the change on the websites of the Brims and at the terminals of the members of the Syndicate.

4. The Company, in consultation with the Brims, can finalize the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs.1, 00,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders and Non - Institutional Bidders and such Bids from QIB Bidders and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off Price agree that they shall purchase the Equity Shares at the issue price, as finally determined, which will be a price within the price band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the respective Escrow Accounts. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Escrow Accounts/refund account(s).
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs.1,00,000 if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.1,00,000, the Bid will be considered for allocation under the Non -Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to the revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut -off Price.
8. In case of downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Escrow Accounts/refund account(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 25 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5000 to Rs. 5625.

Escrow Mechanism

The Company shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

In case of Non-Institutional Bidder and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favor of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Issue Procedure -Payment Instructions" on page no 191 of this Red Herring

Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Accounts, as per the terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of bidders i.e. QIBs, Non -Institutional Bidders and Retail Individual Bidders would be required to pay their applicable margin amount at the time of submission of the bid cum application form. The margin amount payable by each category of bidders is mentioned under the section titled, “Issue Structure” on page no. 187 of this Red Herring Prospectus. Where the margin amount applicable to the bidder is less than 100% of the bid price, any difference between the amount payable by the bidder for equity shares allocated/allotted at the issue price and the margin amount paid at the time of Bidding, shall be payable by the Bidder not later than the Pay-in-Date which shall be minimum period of 2 days from the date of communication of the allocation list to the Members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the bid cum application form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and its authorized agents during the Bidding Period/Issue Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date/ Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on an half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bidding Period/Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
- Investor Category – Individual, Corporate, FII, NRI or Mutual Fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid price;

- Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository Participant identification no. and client identification no. of the demat account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoter, its management or any scheme or project of the Company.
- (h) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

RESTRICTIONS 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 can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. **As per current foreign investment policies foreign direct investment in any sector not included in Annexure A to schedule 1 of the Foreign Exchange Management (Transfer or issue of security by a person resident Outside India) Regulations, 2000 is allowed up to 100% under the automatic route. Accordingly, 100% foreign direct investment is allowed in our Company.**

By way of Circular No 53. dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian Company in a public offer without prior RBI approval, so long as the price equity shares to be issued is not less than the price at which equity shares are issued to residents.

Transfer of equity shares previously required the prior approval of the FIPB. However, vide a RBI Circular dated October 4, 2004, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Subscription by foreign investors (NRIs/FIIs)

There is no reservation for Non-Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non-Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and shall not be registered under the US Securities Act of 1933 (the Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to the

registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The company and the BRLM are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- (b) The Price Band can be revised during the Bidding Period, in which case the Bidding period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
- (c) Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
- (d) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (e) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (f) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- (g) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (h) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.
- (i) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (j) In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid Closing Date/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with the company.
- (b) The Company, in consultation with the BRLM, shall finalise the “Issue Price”, the number of Equity Shares to be Allotted in each portion and the allocation to successful QIB Bidders. The allocation will be decided based inter- *alias*, on the quality of the Bidder, and the size, price and time of the Bid.
- (c) The allocation for QIB Bidders for up to 50% of the Net Issue (including 5% specifically reserved for Mutual Funds) would be on proportionate basis in consultation with the Designated Stock Exchange subject to valid bids being received at or above the Issue Price, in the manner as described in the Section titled “Basis of Allotment – Allotment to QIB Bidders”. The allocation to Non - Institutional Bidders not less than 15% and Retail Individual Bidders not less than 35% each of the Issue, respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Allocation to QIBs, Non Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by RBI while granting permission for allotment of Equity Shares to them.
- (e) Under subscription, if any, in any category, other than QIB category, would be allowed to be met with spill over from any other categories at the discretion in consultation with the BRLM.
- (f) The BRLM, in consultation with the Company, shall notify the Members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid Opening Date/Issue Opening Date without assigning any reasons whatsoever.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/Issue Closing Date.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and ROC Filing

- (a) The Company, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with the RoC, which then would be termed ‘Prospectus’. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the prospectus with the ROC

The Company will file a copy of the prospectus with the Registrar of Companies, PMT Commercial Building, 3rd Floor, Deccan Gymkhana, Pune - 411004, Maharashtra in terms of Section 56, Section 60 and Section 60B of the Companies Act, 1956.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, 1956, the Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI (DIP) Guidelines in an English National Daily with wide circulation, one Hindi National Newspaper and a regional language Newspaper with wide circulation.

Advertisement regarding Issue Price and Prospectus

The company will issue a statutory advertisement after the filing of the Prospectus with the ROC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is located. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the issue price along with a table showing the number of Equity Shares, Any material updates between the date of Red Herring

Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN)

- (a) Upon the approval of the basis of allotment by the Designated Stock Exchange The BRLM or Registrar to the Issue shall send to the Members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLM or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire bid amount into the Escrow Accounts at the time of bidding shall pay in full the amount payable into the Escrow Accounts by the Pay-in Period specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, subject to realization of their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

Designated Date and Allotment of Equity Shares

- a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the escrow Accounts to the issue account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account Allotment of the Equity Shares to the allottees within two working days of the date of Allotment.
- b) All allottees will receive credit for the Equity Shares directly in their depository account. Equity Shares will be offered only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- c) After the funds are transferred from the Escrow Account to the Public issue account on the Designated Date, the Company would allot the Equity Shares to the allottees. The Company would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.
- d) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this issue.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in color), as the case may be;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;
- Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a Members of the Syndicate;
- Ensure that you have been given a TRS for all your Bid options;
- Submit revised Bids to the same Member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a

PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and

Ensure that bid is within the Price Band

- Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
- Ensure that the Bid Cum Application Form Number is mentioned on the reverse of the cheque/demand draft.

Don'ts:

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders)
- Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable Regulations;
- Do not submit Bid accompanied with Stockinvest.
- Do not submit the GIR Number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the Members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians and blue color for NRIs and FIIs and applying on repatriation basis).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- The Bids from the Retail Individual Bidders must be for a minimum of 25 Equity Shares and in multiples of 25 thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
- For Non-institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 25 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have

any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid cum Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension

funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that the Company and the BRLM may deem fit.

The Company, in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- Individual NRI bidders can obtain the Bid cum Application Forms from the Registered Office of the Company or Registrar to the Issue or BRLM whose addresses are printed on the cover page of this Red Herring Prospectus.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category.
- The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians [white in color].

Bids and revision of Bids must be made:

Bids and revision to Bids must be made:

- On the Bid cum Application Form or the Revision Form, as applicable (blue in color), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- By FIIs for a minimum of such number of Equity Shares and in multiples of [•] thereafter that the Bid Amount exceeds Rs.1,00,000. For further details see section titled "Issue Procedure-Maximum and Minimum Bid Size" on page no 191 of this Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs, or in the names of foreign venture capital funds, multilateral and bilateral development financial institutions, but not in the names of minors, firms or partnerships, foreign nationals (including NRIs) or their nominees, foreign venture capital investors.
- Refunds, dividends and other distributions, if any, will be payable in Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Rupee drafts purchased abroad, such payments in Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency. It is to be distinctly understood that there is no reservation for NRIs and FIIs. All NRIs and FIIs will be treated on the same basis with other categories for the purpose of allocation.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and multilateral and

bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the issue.

There is no reservation for non-residents, NRIs, FIIs and foreign venture capital funds and all non-residents, NRI, FII and foreign venture capital fund applicants will be treated on the same basis with other categories for the purpose of allocation.

Payment Instructions

The Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

(a) Payment into Escrow Account

- The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
- In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.
- The payment instruments for payment into the Escrow Account should be drawn in favour of:

In case of Resident QIB Bidders	“Escrow Account – AIL -IPO – QIB-R”
In case of Non-resident QIB Bidders:	“Escrow Account – AIL- IPO– QIB-NR”
In case of Resident Retail & Non-Institutional Bidders	“Escrow Account –AIL-IPO-R”
In case of Non Resident Retail & Non-Institutional Bidders	“Escrow Account – AIL-IPO- NR”
- In case of bids by NRIs applying on a repatriation basis, the payments must be made through Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the NRE Accounts or the Foreign Currency Non -Resident Accounts(FCNR), 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 the Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non-Resident Account.
- In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Accounts.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account with the Banker to the Issue.
- On the Designated Date and no later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on

banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted.

Payment by Stock Invest

In terms of the Reserve Bank of India Circular No.DBOD No.FSC BC 42/27.47.00/2003-04 dated November 05, 2003, the option to use the Stock Invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through Stock Invest would not be accepted in this issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the Members of the Syndicate at the time of submission of the Bid. Each member of the Syndicate may, at its sole discretion, waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form provided however that for QIB Bidders the Syndicate Member shall collect the QIB margin and deposit the same in specified Escrow Account.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-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 Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person 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 Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

Unique Identification Number (“UIN”)

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/ quote UIN under the SEBI (Central Database of Market Participants) Regulations 2003 by its circular bearing number MAPIN/cir -13/2005.

The Company’s right to reject Bids

The Company and BRLM have a right to reject Bids on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on among others on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Age of First Bidder not given;
- In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
- PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs. 50,000 or more;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bank account details for refund are not given;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut -off Price by Non -Institutional Bidders and QIB Bidders.
- Bids for number of Equity Shares, which are not in multiples of [•];
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and /or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLM or the Syndicate Member;
- Bid cum Application Forms does not have Bidder’s depository account details;
- Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- Bids accompanied by Stock Invest;

- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity; Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same
- in the section titled "Issue Procedure–Bids at Different Price Levels" at page no. 200 of this Red Herring Prospectus;
- Bids by OCBs; and
- Bids by US Persons other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act.

Basis of Allotment.

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non -Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than (**) Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non - Institutional Bidders will be made at the Issue Price.

- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non -Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to (**) Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
 - In case the aggregate demand in this category is greater than (**) Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.

50% of the Net Issue size shall be available for allotment to QIBs who have bid in the issue at a price that is equal to or greater than the issue price.

The QIB portion shall be available for allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment shall be undertaken in the following manner:

- a) In the first instance allocation to Mutual Funds for up to 5% of the QIB portion shall be determined as follows:
 1. In the event that Mutual Fund bids exceed 5% of the QIB portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB portion.
 2. In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB portion, then all Mutual Funds shall get full allotment to the extent of valid bids received above the issue price.
 3. Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below.
- b) In the second instance, allocation to all QIBs shall be determined as follows:
 1. In the event that the oversubscription in the QIB portion, all QIB Bidders who have submitted Bids above the issue price be allotted Equity Shares on a proportionate basis for up to 95% of the QIB

portion.

2. Mutual Funds, who have received allocation as per (a) above for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
3. Under subscription below 5% of the QIB portion, if any, from Mutual Funds would be included for allocation to the remaining QIB Bidders on a proportionate basis.

Method of proportionate basis of allocation in the QIBs, Retail and Non-Institutional Portions

Bidders will be categorized according to the number of Equity Shares applied for by them.

(a) The total number of Equity Shares to be allotted to each portion as a whole shall be arrived at on a proportionate basis, being the total number of Equity Shares applied for in that portion (number of Bidders in the portion multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

(b) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, being the total number of Equity Shares applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

(c) If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

(d) In all Bids where the proportionate allotment is less than [•] Equity Shares per Bidder, the allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and
- The successful Bidders out of the total Bidders for a portion shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above;

(e) If the Equity Shares allocated on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that portion, the remaining Equity Shares available for allotment shall be first adjusted against any other portion, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that portion. The balance Equity Shares, if any, remaining after such adjustment will be added to the portion comprising Bidders applying for minimum number of Equity Shares.

The Executive Director /Managing Director of the Designated Stock Exchange along with the Book Running Lead Managers and the Registrars 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 SEBI Guidelines.

Procedure and time of schedule for allotment and issue of certificates

The Company reserves, at their absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess bid amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure the allotment of the Equity shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and/or dematerialized credits are not made to investors within two working days from the date of allotment.

Modes of Refund

The payment of refund, if any, shall be undertaken in any of the following manners:

1. NEFT

Payment of refund shall be undertaken through NEFT wherever the applicant's bank has been assigned the Indian Financial System Code, which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular 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.

2. ECS

Payment of refund shall be undertaken 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 Thiruvanthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned fifteen centers.

3. Direct Credit

Applicants having bank accounts with the Banker(s) to the Issue, in this case being, [*] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Bank(s) to the Issue for the same would be borne by the Issuer.

4. RTGS

Applicants having a bank account at any of the abovementioned centers and whose refund amount exceeds Rs. One Million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode for refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Note: We expect that all payments including where refund amounts exceed Rs.10,00,000 (Rs. One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs.10,00,000 (Rs. One Million) refunds may be made through RTGS.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate for value upto Rs.1500 and through Speed Post/ Registered Post for refund orders of Rs.1,500 and above. Such refunds shall be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

In case of revision in the Price Band, the Bidding/Issue Period shall be extended for three additional days after the revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and by indicating the changes on the web site of the BRLM and the terminals of the Syndicate.

Equity Shares in Dematerialised Form with NSDL or CDSL

The allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context agreements have been/shall be signed among the Company, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated July 28, 2006 with NSDL, the Company and Registrar to the Issue ; and
- a tripartite agreement dated November 29 2006 with CDSL, the Company and Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

- Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar.
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein

to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

Undertaking by the Company

The Company undertakes :

- that the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allocation;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- that the refund orders or allotment advice to the non-resident Indians shall be dispatched within specified time; and.
- that no further issue of Equity Shares shall be made till the Equity Shares offered through the

Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested;
- The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.

Disposal of Applications and Applications Money and Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

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 two working days of date of finalisation of allotment of Equity Shares. The Company shall dispatch refund orders, if any, of value up to Rs. 1,500/-, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post only at the sole or First Bidder's sole risk and adequate funds for the purpose shall be made available to the Registrar by the Company.

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 seven working days of finalisation of the basis of allotment.

In accordance with the requirements of the Stock Exchanges and SEBI Guidelines, the Company further undertake that:

- Allotment shall be made only in dematerialised form within 15 days of the Bid Closing Date/Issue Closing Date;
- dispatch of refund orders shall be made within 15 days of the Bid Closing Date/Issue Closing Date; and
- to pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

RESTRICTIONS 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 can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed



procedures for making such investment. **As per current foreign investment policies foreign direct investment in any sector not included in Annexure A to schedule 1 of the Foreign Exchange Management (Transfer or issue of security by a person resident Outside India) Regulations, 2000 is allowed up to 100% under the automatic route. Accordingly, 100% foreign direct investment is allowed in our Company.**

By way of Circular No 53. dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian Company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

The above information is given for the benefit of the Bidders and neither the Company nor the BRLM is liable for any changes in the regulations after the date of this Red Herring Prospectus.

SECTION IX : DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

1. The regulations contained in Table “A” of Schedule 1 to the Act shall apply to the Company subject to the modifications and provisions contained herein.

SHARE CAPITAL

3. The Authorised Share Capital of the Company is as per Clause V of the Memorandum of Association with a power to increase and reduce the capital of the company and to divide the shares into the capital for the time being in to several classes and to attach thereto respectively such preference, qualified, or special rights, privileges, or conditions, as may be determined by or in accordance with the Articles of Association of the company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Articles of Association for the time being be provided by the Company.
4. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit; and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors may decide, and may issue and allot shares in the capital of the company on payment in full in cash or towards payment of consideration for any property sold and transferred to the company or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares, provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting.
5. The joint holder of a share shall severally as well as jointly be liable for the payment of all installments and calls due in respect of such shares.
6. The Board may, subject to the provisions of the Act and guidelines issued by SEBI and or other regulatory agencies, issue and allot shares in the Capital of the Company towards part or full payment for any property purchased by, or goods transferred or machinery or appliances supplied to the company, or for services rendered or to be rendered to the Company.
7. A certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of title of the member to such shares.
8. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of the shares within the meaning of the Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purpose of the Articles be a member.
9.
 - i.) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account to be called 'the share premium account' and the provisions of the Act, relating to the reduction of the share capital of a Company shall, except as provided in this Article, apply as if the Share Premium Account were paid up share capital of the Company;
 - ii.) The share premium account may, notwithstanding anything in clause (1) of this Article be applied by the Company;

in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus share

in writing off the preliminary expenses of the Company

in writing off the expenses of, or payment of the commission at redemption of any redeemable preference shares or debentures of the Company; or

in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

10. If by the condition of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by installments every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder or holders of the share or his legal representative.
11. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, trust or equity or equitable, contingent future or partial or other claim or right to or interest in such share on the part of any other person whether or not it shall have expressed or implied notice thereof.
12. Subject to the provisions of the Act and these Articles, shares may be registered in the name or names of any person or persons, Company or other body corporate. Not more than four persons shall be registered as joint-holders of any share.

UNDERWRITING AND COMMISSION

13.
 - i.) Subject to the provisions of Section 76 of the Act, the Company may pay a commission to any person in consideration of :

his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or Debentures of the Company, or any other company.

his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in or Debentures of the Company, but the rate of the commission shall not exceed in the case of shares, five per cent of the price at which the shares are issued and in case of debentures, two and half per cent of the price at which the Debentures are issued.
 - ii.) A copy of the contract for the payment of the Commission shall be delivered to the Registrar at the time of the delivery of the Prospectus or the Statement in lieu of Prospectus for registration.
 - iii.) No Commission shall be paid to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares in or debentures of the Company which are not offered to the public for subscription. Provided that where a person has subscribed or agreed to subscribe for any shares in or debentures of the Company and before the issue of the Prospectus of the Company and before the issue of the Prospectus or statement in lieu thereof any other person has or persons have subscribed for any or all of those shares or debentures and that fact together with the aggregate amount of commission payable in respect of such subscription is disclosed in such Prospectus or Statement then the Company may pay commission to the first mentioned person in respect of such subscription.

CERTIFICATE

14. Every Share Certificate shall be issued under the common seal of the Company which shall be affixed in presence of :-
 - i.) two directors or persons acting on behalf of the directors under a duly registered power of attorney. and
 - ii.) the secretary or some other person authorised Signatories appointed by the board for the purpose.

The two directors or their attorneys and the secretary or other person authorised Signatories shall sign the share Certificate.

Provided that if the composition of the Board permits of it, at least one of the aforesaid two directors shall be a person other than a managing or whole time Directors.

Issue of share certificate by the Company at any time shall be in accordance with the provisions of the Act and the Rules made thereunder.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

15. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the Company deemed adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are torn, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

CALLS

16. The Directors may from time to time and subject to Section 91 of the Act make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed time and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the directors. A call may be made payable by installments. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not 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.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

17. A call shall be deemed to have been made at the time when resolution of the Directors authorising such call was passed and may be made payable by members on the Register of Members on a subsequent date to be specified by the Directors.
18. Fifteen days' notice at least shall be given by the Company of every call made payable otherwise than on allotment specifying the time and place of payment:

Provided that before the time for payment of such call the Directors may by notice in writing to the members, revoke the same.

19. The Directors may, from time to time at their discretion extend the time fixed for the payment of any call, uniformly for all shareholders and may extend such time as to all or any of the members.
20. If by the terms of issue of any share or otherwise, any amount is made payable on allotment at any fixed time or by installments at fixed times, (whether on account of the amount of the share or by way of premium), every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given, and all the provisions herein contained in respect of calls shall relate to such amount or installments accordingly.

21. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made or the installment be due shall pay interest for the same at such 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.
22. 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 member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of such money shall preclude the forfeiture of such shares as herein provided.
23. On the trial or hearing of any action or suit brought by the Company against any member of 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 member 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 holders, at or subsequently to the date at which the money sought to be recovered is allegedly 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 the Minute Books and that notice of such call was duly given to the members sued in pursuance of these presents and it shall not be necessary to prove the appointment of the Director who made such calls or any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

"Monies paid in advance of calls shall not in respect thereof, confer a right to dividend or to participate in the profits of the Company."

LIEN

24. Fully paid shares shall be free from all lien. In case of partly paid shares, the Company shall have a first and paramount lien upon such shares registered in the name of member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends from time to time declared in respect of such shares. The Board may, however, at any time, declare any share to be wholly or partly exempt from the provisions of this Article.
25. The Company may sell in such manner as the Board thinks fit any shares on which the Company has a lien but no sale shall be made until the expiration of fourteen days after a notice in writing, stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holder for the time being of the share or to the person entitled for the time being of the share or to the person entitled to the share by reason of his death or insolvency. The Board may appoint a person to effect the sale and transfer.
26. The net proceeds of the sale shall be applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall be paid to the person entitled to the shares so sold. The purchaser shall be registered as the holder of the shares and he shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
27. Subject to Section 84 of the Act and the rules made there under and subject to all other applicable provisions, guidelines on the subject and the listing agreement that the company may enter into with one or more stock exchange or stock exchanges, where any share/debenture under the powers of the company in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share/debenture, the Board may issue a new certificate for such share/debenture distinguishing it in such manner as it may think fit from the certificate not so delivered up.

SURRENDER AND FORFEITURE OF SHARES

28. If a member fails to pay, any call or installment of a call or any other sum or sums on the shares due and payable by such member, on or before the last day appointed for the payment thereof, the Board may at any time thereafter during such time as the call or any part of such call or installment of sums remain unpaid, serve a notice on him or on the person (if any) entitled to shares by transmission requiring payment of so much of the amount as is unpaid together with any interest which may have accrued thereon. The Board may accept in the name of and for the benefit of the Company and upon such terms and conditions as may be agreed, the surrender of any shares liable to

forfeiture and in so far as the law permits, of any other shares.

29. The notice shall name the place or places on and at which, and a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made. The notice shall detail the amount which is due and payable on the shares and shall state that in the event of non-payment at or before the time appointed the shares will be liable to be forfeited.
30. If the requirements of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installment, 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 and bonus declared in respect of the forfeited shares and not actually paid before the forfeiture.
31. A forfeited or surrendered share may be sold or otherwise disposed off on such terms and in such manner as the Board may think fit and any time before a sale or disposition, the forfeiture may be annulled on such terms as the Board may think fit.
32. Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until payment, at such rate not exceeding 18 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.
33. A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share and that declaration and the receipts of the Company for consideration, if any, given for the shares on the sale or disposal thereof, shall constitute a good title to the share and the person to whom the share is sold, or disposed off shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
34. The provision of these presents as to forfeiture shall apply in the case of non- payment of any sum which by the terms of issue of a share become payable at a fixed time whether on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES AND DEBENTURES

35. Subject to the provisions of Section 108 of the Act, the instrument of transfer of any share in the Company shall be in writing duly executed by the transferor and the transferee; and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register of Members in respect thereof. The instrument of transfer shall be presented in the manner prescribed under Section 108 of the Act or any statutory modification thereof. Company shall not charge any transfer fee for registering transfer of shares.
36. 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.
37. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons is or are indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares / debentures shall not be refused on the ground that the number of shares sought to be transferred are not in a particular number or lot.
 - (a) Nothing in Section 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of or the transmission by operation of law of the right to any shares

or interests of a member in or debentures of the Company.

38. The instrument of the transfer shall after registration be retained by the Company and shall remain in its 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.
39. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
40. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable, right, title or interest or notice or referred thereto in any book of the Company.
41. Transfer/transmission of shares and sub-division/ consolidation of shares into marketable lots will be effected by the Company free of cost and the Directors shall not charge any fees for the same.

TRANSMISSION OF SHARES.

42.
 - i.) On the death of a member, the survivor or survivors where the member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.
 - ii.) Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
43.
 - i.) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either –
 - (a) To be registered himself as holder of the share; or
 - (b) To make such transfer of the share as the deceased or insolvent member could have made.
 - ii.) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
44.
 - i.) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects
 - ii.) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
 - iii.) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
45. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company :

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

DEBENTURE

46. Every debenture or other instrument issued by the Company for securing the payment of money may be so framed that the moneys hereby secured shall be assigned free from any equities between the Company and the persons to whom the same may be issued. Any debenture, debenture stock, bonds or other instruments or securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into any shares of any denomination, and with any special privileges as to redemption, surrender, drawing and allotment of shares or otherwise. Provided that the debentures with a right to conversion into or allotment of shares shall not be issued without consent of the Company in general meeting and no debentures shall be issued with any voting rights.
47. The provisions herein contained relating to transfer and transmission shall also apply to debentures in the same manner as they apply to shares.

DEMATERIALISATION OF SECURITIES

48. (1) For the purpose of this Article :
- ‘Beneficial Owner’ means a person who opts to hold his securities with a Depository, and whose name is recorded as such with a Depository;
- ‘SEBI’ means the Securities and Exchange Board of India;
- ‘Depository’ means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and
- ‘Security’ means such security as may be specified by SEBI from time to time.
- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depository and/or offer its fresh shares and debentures and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.
- (3) Every person subscribing to securities offered by the Company, and every Member or Debenture holder shall have the option to either hold the securities in the form of security certificates or to hold the securities with a Depository when permitted. Where any holder of securities surrenders his Certificate of securities held in the Company in accordance with Section 6 of the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, the Company shall cancel the certificate and substitute in its records the name of the relevant Depository and inform the Depository, accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised and destroyed. Such persons who hold their securities with a Depository can at any time opt out of the Depository, if permitted by law, and the Company shall in such manner and within such time as prescribed by law, issue to such persons the requisite certificates of securities.
- If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- (4) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153 A, 153 B, 187 B, 187 C and 372 A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- (5)
- a) Notwithstanding anything to the contrary contained in the Act or this Article, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owners.
 - b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - c) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

- (6) Notwithstanding anything in the Act of this Article to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.
- (7) For the purpose of this Article, the Registers and Index of Members and Debenture holders shall be deemed to include the Registers and Index of beneficial owners maintained under the Depositories Act, 1996 by every Depository in respect of securities issued by the Company.

ALTERATION OF CAPITAL

49. The Company may from time to time by Ordinary Resolution in General Meeting, increase the authorised share capital by such sum to be divided into shares of such amount and with such rights as the resolution shall prescribe.
50. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
51. The Company may by Ordinary Resolution:
 - a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - b) Sub-divide the whole or any part of its share capital into shares of smaller amount that is fixed by the Memorandum of Association subject nevertheless to the provisions of clause (d) of sub-section (1) of Section 94 of the Act.
 - c) Cancel any shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.
52. i) Subject to the provisions of Section 80 and 80A of the Act and subject to the provisions on which any shares may have been issued the Company may issue preference shares which are, or at the option of the Company are liable, to be redeemed:

Provided that:

- a) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.;
- b) no such shares shall be redeemed unless they are fully paid;
- c) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account, before the shares are redeemed;
- d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called 'the Capital Redemption Reserve Account', a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of a Company shall, except as provided in this article apply as if the capital redemption reserve account were paid-up share capital of the Company.
- ii) Subject to the provisions of Section 80 and 80A of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided by the Articles of the Company or the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- iii) The redemption of preference shares under this article by the Company shall not be taken as reducing the amount of its authorised share capital.
- iv) Where in pursuance of this article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal amount of the shares redeemed or to be redeemed as if those shares have never been issued; and accordingly the share capital of the Company shall not, for the purpose of calculating the fees payable under Section 601, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- v) The Capital Redemption Reserve Account may, notwithstanding anything in this article, be applied by the Company in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

CONVERSION OF SHARES INTO STOCK

- 53. The company may, by ordinary resolution, - (a) Convert any paid-up shares into stock; and
(b) Reconvert any stock into paid-up shares of any denomination.
- 54. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit :

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- 55. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- 56. Such of the regulations of the company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively.

BUY BACK OF ITS OWN SECURITIES

- 57. Notwithstanding anything contained in these articles, but subject to and in accordance with the provisions of section 77A and 77B of the Acts and Rules, if any prescribed by the Central Government, the Company may purchase its own shares or other specified securities (hereinafter referred to "Buy Back") out of its free reserves or the securities premium account or the proceeds of any shares or other specified securities.

NOMINATION FACILITY

- 58. Every holder of shares in, or holder of debentures of the company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the company shall vest in the event of his death.
- 59. Where the shares in or debentures of, the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
- 60. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares, in or debentures of, the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the company, the nominee shall, on the death of shareholder or holder of debentures of, the company or, as the case may be, on the death of the joint holders become entitled to all the rights in the shares or debentures of the company or as the case may be, all the joint holders, in relation to such shares, in, or debentures of the company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.
- 61. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination and to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the company, in the event of his death, during the minority.
- 62. Any person who become a nominee by virtue of the provisions of Section 109A of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either
- 63. To be registered himself as holder of the share or debenture, as the case may be, or to make such transfer of the share or debenture, as the case may be as the deceased shareholder or debenture holder, as the case maybe, could have made.
- 64. If the person being a nominee, so becoming entitled, elects to be registered as holder of the share or debenture, himself as the case may be, he shall deliver or send to the company notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

65. All the limitations, restrictions and provisions of this Act relating to the right to transfer and registration of transfers of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debenture holder, as the case may be.
66. A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares or debenture, except that he shall not, before registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the company.
67. Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share or debentures, until the requirements of the notice have been complied with.
68. A depositor may, in terms of Section 58A at any time, make a nomination and the above provision shall, as far as may be, apply to the nomination made under the sub-section.

BORROWING POWERS

69. Subject to the provisions of Sections 292 and 293 of the Act, the Directors may from time to time at their discretion borrow any sum or sums of money for the purpose of the Company.
70. The Directors may raise and secure the payment of such sum or sums 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 undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
71. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider it to be for the benefit of the Company.
72. 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.
73. Any bonds, debentures, debenture-stock or other securities may be issued, subject to the provisions of the 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 debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
74. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors may by instrument under the Company's Seal authorise the persons in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions hereinbefore contained in regard to call shall, mutatis mutandis, apply to the calls made under such authority and such authority may be made exercisable either conditionally or unconditionally, and, either presently or contingently and either to the exclusion of the Director's power or otherwise and shall be assignable if expressed so to be.

STATUTORY MEETINGS AND GENERAL MEETINGS

75. The Statutory Meeting of the Company shall be held at such place and time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine.
76. The Company shall in each year hold, in addition to any other meetings, a General Meeting as its Annual General Meeting and shall specify the meeting as such in the notice calling it.
77. The provisions of Section 171 to 186 of the Act shall, notwithstanding anything to the contrary in the Articles of the Company apply with respect to General Meetings of the Company.
78. The Directors may by passing a resolution at its meeting call an Extraordinary General Meeting whenever they think fit.
79. The Directors of the Company shall on the requisition of such number of members of the Company as is specified in Sub-section (4) of Section 169, of the Act forthwith proceed duly, to call an Extraordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto the provisions of Section 169 of the Act shall apply.
80. 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 authorised under Section 187 of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

81. 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 authorise such person by a resolution of its Board of Directors or other governing body as it thinks fit to act as its 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.
82. 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.
83. Several executors or administrators of a deceased member in whose names any share stands shall for the purpose of this clause be deemed joint holders thereof.
84. No member shall exercise any voting in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has and has exercised any right of lien.
85. The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

DIRECTORS

86. Until otherwise determined by a General Meeting, the number of Directors shall not be less than three and more than twelve.
87. The First Directors of the Company are :
 - a) Mr. Shivaji Tukaram Akhade
 - b) Mr. Lalparikhan Shivdatt Chauhan
 - c) Mrs. Rema Radhakrishnan
 - d) Mr. Sudhir Vittal Mungase

All directors shall be liable to retirement by rotation
88. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys shall be owing by the Company to Industrial Development Bank of India (IDBI) or any other Financing Corporation or Company or Body corporate (hereinafter referred to as "the Corporation") and/or so long as the Corporation holds the shares/debentures in the Company as a underwriting assistance granted to the Company, each such Corporation shall, pursuant to an agreement between it and the Company, have the right to appoint one or more persons as Director(s) on the Board of Directors of the Company (each such Director hereinafter referred to as "the Corporation Director). The Corporation Director shall not be required to hold qualification shares and shall not be liable to retire by rotation. The Corporation may at any time and from time to time remove the Corporation Director, appoint another in his place and also fill any vacancy which may occur as a result of the Corporation Director ceasing to hold office for any reason whatsoever, Such appointment or removal shall be made in writing by the Corporation and shall be delivered to the Company at the registered office. The Board of Directors of the Company shall have no power to remove from office the Corporation Director., The Corporation Director shall be entitled to attend general meetings. Board meetings and Committee meetings of which he is a member, and the Corporation Director as well as the Corporation shall be entitled to receive notices of all such meetings. The Corporation Director shall be paid normal fees and expenses to which other Directors are 'entitled PROVIDED THAT if the corporation Director nominated by IDBI is an officer of the Reserve Bank of India (RBI) or IDBI no sitting fees shall be payable to him but the Company shall reimburse RBI or IDBI, as the case may be, the amounts paid or payable under its rules to such Corporation Director on account of travelling and halting allowances and any other expenses for attending any general meeting or any meeting of the Board or Committee of the Board of the Company.
89. A Director shall not be required to hold any qualification shares. A person shall not be capable of being appointed as a Director of a Company if disqualified under Section 274 of the Act.
90. In case the Company enters into any agreement with the Central Government or State Government or Financial Institution or with any Institution for providing financial assistance by way of loan, subscription to debentures, providing any guarantee or underwriting or subscription to shares of the Company, subject to the provisions of Section 255 of the Act, such agreement may contain a clause that such Government or Financial Institution or Institutions shall have the right to appoint or nominate by notice in writing addressed to the Company one or more Directors on the Board of Directors of the Company during such period and upon such conditions as may be mentioned in the

agreement and such Director/s shall not be liable to retire by rotation nor be required to hold any qualification shares.

91. The Board shall have the power to appoint one or more individuals as a Director either to fill a casual vacancy or as additional Director, provided that the total number of Directors shall not at any time exceed the limit fixed in Article 85
92. In accordance with the provisions of the Act, the Board of Directors may appoint any individual to be an Alternate Director during the absence from the State in which the meetings of the Board are ordinarily held ; provided such appointee whilst he holds office as an Alternate Director shall be entitled to notice of all the meetings of the Board and to attend and vote thereat and on all resolutions proposed by circulation.
93. The Directors for the time being of the Company may be paid a sitting fee as may be decided by the Board from time to time for every meeting of the Board or of a Committee of the Board attended by them in addition to all travelling expenses by rail, road or air as the case may be and such other allowances as the Board may decide from time to time in respect of halting and other expenses incurred by them in attending and returning from such meeting of the Board or of any Committee of the Board and also for other visits made by Director for the Company's business subject to the provisions of the Companies Act, 1956.
94. If any Director shall be appointed to advise the Board as an expert or be called upon to perform extra services to make special exertion for any of the purposes of the Company, the Board may subject to and in accordance with the provisions of the Act and in particular Section 309, 310 and 314 of the Act, pay to such Director/s such special remuneration as they may think fit which remuneration may be in the form of salary and/or commission and/or percentage of profits and may either be in addition to or in substitution of the remuneration specified in the last preceding Article.
95. The non-whole time Director may be paid such remuneration as may be determined from time to time by the Board in accordance with Section 309(4) of the Act.
96. In particular, a Director who is neither in the whole time employment of the Company nor a Managing Director may be paid remuneration by way of a commission if the Company by Special Resolution authorises such payment provided that the remuneration paid to such Director or whereas there are more than one such Directors to all of them together shall not exceed :
 - i) 1% of the net profit of the Company, if the Company has a Managing or a Whole time Director or a Manager;
 - ii) 3% of the net profit of the Company in other cases.
97. One third of the total number of directors on the Board shall retire at every Annual General Meeting and provisions of Section 256 of the Act shall apply to the Company. If at any Annual General Meeting, at which an election of Directors ought to take place, the place of any retiring Director is not filled up and the meeting has not expressly resolved not to fill up the vacancy the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting also the place of retiring director is not filled up and that meeting has not expressly resolved not to fill up the vacancy, he shall, if willing, be deemed to have been reappointed, unless the resolution for such reappointment has been put to vote and lost either at the adjourned meeting or at the original meeting.
98. The Company may from time to time, in General Meeting increase or reduce the number of Directors subject to approval by the Central Government in case of an increase over the limit prescribed by Section 259 of the Act.
99. Any Director other than the Director/s appointed under Article 87 and a Director appointed by Central Government in pursuance of Section 408 of the Act, may, by Ordinary Resolution be removed before the expiry of his period. Special notice shall be required of any resolution to remove any such Director. The vacancy so created may be filled by the meeting at which he is removed provided Special Notice of the intended appointment at the meeting has been given.
100. The office of a Director shall become vacant whenever any Director resigns from the Board, on acceptance of his resignation by the Board or if any director becomes disqualified as per the provisions of Section 283 of the Act.
101.
 - i) Subject to the provisions of the Act and particularly Sections 297, 299 and 300 of the Act, the Directors shall not be disqualified by reason of their Office as such from contracting with the Company either as a vendor, purchaser, lender, agent, broker or otherwise nor shall any such contract or arrangement entered into by or on behalf of the Company with any Director or with a

Company or a partnership firm in which any Director is a Director, member or partner or otherwise interested be avoided nor shall any Director so contracting or being so interested in any contract or arrangement be liable to account to the Company for any profit realised on such contract or arrangement by reason only of such Director holding that Office or if the fiduciary relation thereby being established, but the nature of the interest must be disclosed by him at the meeting of the Board at which the question of entering into the contract or arrangement is considered, if the interest then exists or in any other case at the first meeting of the Board after acquisition of the interest provided nevertheless that no Director shall vote as a Director in respect of any contract or arrangements in which he is so interested as aforesaid and if he does so, his vote shall not be counted but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is precluded from voting although he shall not be counted for the purpose of ascertaining whether there is quorum of Directors present. This restriction shall not apply to any contract by or on behalf of the Company to give the Directors any loss which they or any of them may suffer by becoming or being sureties of the Company. A general notice that any Director is a Director or a member of any specified company or is a member of any specified firm or is to be regarded as interested in any subsequent transaction with such company or firm shall as regards any such transaction be sufficient disclosure under the Article and after such general notice it shall not be necessary to give notice (special) relating to any particular transaction with such Company or firm.

- ii) Nothing in sub-clause (i) shall apply to any contract or arrangement entered into between this Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than 2 per cent of the paid up share capital in the other Company.

102. A Director of this Company may be or become a Director of any other company, promoted by this Company or in which this Company may be interested as vendor, shareholder or otherwise and no such Director shall be accountable to the Company for the benefits he may have derived or any derive as a Director or member of such Company.

PROCEEDINGS OF BOARD

103. The Board of directors may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit.

104. A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

105.

- a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- b) In case of an equality of votes, the chairman of the Board, if any, shall have a second or casting vote.

106. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

107.

(1) The Board may elect a chairman of its meetings and determine the period for which he is to hold office.

(2) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairman of the meeting.

108.

- (1) The Board of directors may from time to time can constitute committee/committees of directors subject to provisions of Companies Act, 1956 amended from time to time and subject to approval and guidelines provided by the other authorities like Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Stock Exchanges etc. from time to time and delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (2) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

109. (1) A committee may elect a chairman of its meetings.

(2) If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their member to be chairman of the meeting.

110. All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

111. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or committee, duly convened and held.

POWERS AND DUTIES OF BOARD OF DIRECTORS

112.

(A) The business of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not, by the Act or any statutory modifications thereof for the time being in force or by these Articles, require to be exercised by the Company in General Meeting subject nevertheless to any regulation of these Articles or to the provision of the said Act and so such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting; but no regulations made by the Company in General Meetings, shall invalidate any prior act of the Board which would have been valid if the regulation had not been made.

(B) In furtherance and not in limitation of, and without prejudice to the general powers conferred by these Articles, it is hereby expressly declared that the Directors shall have the following powers, that is to say power;

- i) to pay and to charge to the capital account of the Company the legal costs, charges and expenses of and incidental to the promotion, registration, formation and establishment of the Company.
- ii) To purchase or otherwise acquire for the Company any property, assets, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions, as they think fit.
- iii) At their discretion, to pay for any property, assets, rights, or privileges acquired, by or services rendered to the Company, either wholly or partially in cash or shares, bonds, debentures or other securities of the Company and any such shares may be issued either as fully paid up or such amount credited as paid-up thereon as may be agreed upon; and any such bonds, debentures 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.
- iv) To secure the fulfillment of any contracts or arrangements entered into by the Company whether by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or not in such other manner as they may think fit.
- v) To appoint any person or person (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and to 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.
- vi) To open an account or accounts with such Bank or Banks as the Board may select or appoint and to operate an account, subject to Section 292 of the Act and to determine who shall be entitled to sign, draw, accept, endorse or otherwise execute on the Company's behalf bills, notices, receipts, acceptances, endorsements, cheques, releases, contracts and documents.
- vii) From time to time to provide for the management of the affairs of the Company in such manner as they think fit, and in particular to appoint any person to be the attorneys or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may be thought fit.
- viii) To execute in the name of and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability 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 any such other powers, covenants, and provisions as shall be agreed upon.
- ix) To invest the funds of the Company from time to time in Government

securities or in securities guaranteed by Government or in loans to other companies, banks or other persons if the Directors shall deem fit to do so, and to vary such investments and to execute all assignments, transfers, receipts and documents that may be necessary or expedient in that behalf.

- x) To execute all agreements, contracts, receipts and other documents that may be necessary or expedient for the purpose of the Company.
- xi) To insure and keep against loss or fire, if deemed expedient by the Directors 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 articles of the Company either separately or jointly also to insure all or any portion of the goods, produce, machinery and other articles imported and exported by the Company, and to sell, assign, surrender or discontinue, any policies of assurance, effected in pursuance of this power.
- xii) On behalf of the Company, to commence, institute, prosecute, defend and compromise all such actions and suits either at law or in equity as may, in the opinion of the Directors, be necessary or proper and to compromise or submit to arbitration, the said actions and suits as they may in their discretion deem expedient. The Directors for the time being or any person duly authorised by them being thereby empowered to make, give, sign and execute all and every warrant, to sue, or defend, on behalf of the Company, and all and every submission to arbitration as may be requisite; and for the purposes aforesaid, the Board of Directors shall be empowered to use their names on behalf of the Company, or the name or names of any other person or persons connected with the Company and such Director or Directors, or such persons whose names shall be so used, shall be saved harmless and indemnified, out of the funds and property of the Company, from all costs and damages which he or they may incur or be liable to by reason of his or their names being so used as aforesaid and such person and persons shall do nothing to prevent the Board of Directors from effectually conducting and bringing to an issue any such action or suit.
- xiii) To refer any dispute to arbitration, to compromise any debt or claim, and to give time to any debtor for payment of his debt.
- xiv) To use or apply moneys standing to the credit of the said accounts in or towards the objects for which the said accounts are respectively opened, together with any interest that may have accumulated thereon or for the purpose of equalizing dividends and meeting contingencies or for the purpose of carrying on the general business of the Company, and, in the later case, to pay to the credit of the several accounts, interest at such rates as the Directors may think proper. Whenever the Directors may think fit, they can invest the whole or any part of the funds which may from time to time stand to the credit of the said several accounts in such manner as the Directors think fit; and to sell or vary from time to time and to apply proceeds of any such sale in a manner aforesaid or to re-invest the same as the Directors may deem expedient.
- xv) To use or apply the interest of all moneys that may be set apart or credited to Fire Insurance Fund Account, towards payment of premiums upon any policy or policies of Insurance that may be effected by the Company, and to use or to apply the principal moneys themselves towards enabling the Company to become its own insurers against loss or damage by fire.
- xvi) To make advances upon or for the purchase of raw materials, goods machinery, stores and other articles required for the purpose of the Company.
- xvii) To Ship and consign for sale to any place or places within India or elsewhere all or any portion of the goods manufactured by the Company and to appoint Agents for such sale at such place or places and on such terms and conditions as the Directors may think fit.
- xviii) To authorise and empower the Chairman or the Managing Director or the Manager and other Officer for the time being, of the Company, or such other person or persons as the Directors may think fit to exercise and perform all or any of the powers, authorities and duties conferred or imposed upon the Directors by these presents.
- xix) To pay and charge to the capital account of the Company any interest lawfully payable under the provisions of Section 208 of the said Act.
- xx) To let mortgage, charge, sell or otherwise dispose off, subject to the provisions 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 respects as they think fit and to accept payment in satisfaction of the same in cash or otherwise.
- xxi) To enter into all such negotiations and contracts and to make all necessary arrangements and to rescind and vary all such contracts and execute and do all such acts, deeds and things, in the name of and on behalf of the Company as they may consider expedient for and in relation to any of the matters aforesaid for the purpose of the Company.
- xxii) To give to any person employed by the Company, a commission on the profits of any particular business or transactions of a share in the general profits of the Company, and such commissions, or share of profits shall be treated as parts of the working expenses of the Company.
- xxiii) To appoint, re-appoint, remove or suspend employees or Officers of the Company.
- xxiv) And generally to do, sanction and authorise all such matters and things as

may be necessary to be done in and about conducting the affairs of the Company or carrying into effect all or any of the objects or powers of the Company as expressed in the Memorandum of Association, or in and about the execution of all or any of the powers herein before conferred upon the Directors.

- xxv) 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 building or contributing to the building or houses, dwellings or chawls or by grants or money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions 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 shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.
 - xxvi) To subscribe or contribute or otherwise to assist, to guarantee money to public, and any other institutions, funds, objects or purposes, which in the opinion of the Board of Directors are likely to promote the interests of the business of the Company or to further fits objects and/or to charitable and other funds not directly relating to the business of the Company or the welfare of its employees or for any exhibition.
113. Any branch or kind of business which by the Memorandum of Association of the Company or by these presents is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such time or times as they shall think fit and further may be kept by them in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.
114. Subject to Section 292 of the Act, the Board may delegate all or any of its powers to any Directors jointly or severally or to any one Director or a Committee of Directors or to any other person at their discretion.
115. The Board may appoint at any time and from time to time by a power of attorney under the Company's seal, any person to be the attorney of the Company for such purposes and with such authorities and discretions not exceeding those vested in or exercisable by the Board in these Articles and for such period and subject to such conditions as the Board may from time to time think fit and any such Power of Attorney may contain such provisions for the protection and convenience of persons dealing with such Attorney as the Board may think fit.
116. The chairman of the Meeting may exclude from minutes of the meeting at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory or any person, irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

INTEREST OUT OF CAPITAL

117. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.

THE SEAL

- 118.
- a) The Board 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.
 - b) The Board shall provide for the safe custody of the Seal.
 - c) The Seal shall not be affixed on any instrument except by the authority of resolution of the Board, and in presence of a Director, and the Company Secretary or such other person(s) as the Board may authorise in this behalf, from time to time, who shall sign.

CAPITALISATION OF PROFITS

119.

1. The company in general meeting may, upon the recommendation of the Board, resolve -
 - a) That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
 - b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions
2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3), either in or towards -
 - (i) Paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) Paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
 - (iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
3. A share premium account and a capital redemption reserve account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.
4. The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

120.

1. Whenever such a resolution as aforesaid shall have been passed, the Board shall –
 - a. Make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any; and
 - b. Generally do all acts and things required to give effect thereto
2. The Board shall have full power –
 - a. To make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also
 - b. To authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such Capitalisation, or (as the case may require) for the payment up by the company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.
3. Any agreement made under such authority shall be effective and binding on all such members.

DIVIDENDS

121. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

122. The Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

123.

1. The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
2. The Board may also carry forward any profits which it may think prudent not to divide,

without setting them aside as a reserve.

124.

1. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
2. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
3. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

125. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

126.

1. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
2. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

127. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.

128. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

129. No dividend shall bear interest against the company.

130. No unclaimed dividend shall be forfeited by Board, unless the claim thereto becomes barred by law and the Company shall comply with the all the provisions of Section 205A of the Act in respect of any unpaid or unclaimed dividend.

MANAGING / WHOLE TIME DIRECTOR

131. Subject to the approval of the Central Government under Section 269 of the Act, or as per Schedule XIII of the Act the Company by ordinary resolution and / or the Board may from time to time appoint one or more of the Directors to be Managing Directors or whole-time Directors of the Company for a terms not exceeding five years at a time and may from time to time and subject to provisions of any contract between him or them and the Company, remove or dismiss him or them from office and appoint another or others in his or their place of places.

Managing or Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation, but subject to the provisions of any contract between him and the Company he shall be subject to the provisions as to resignation and removal as the other Directors of the Company, and he shall, ipso fact and immediately, cease be a Managing Director of Whole-time Director if, for any cause, he ceases to hold the office of Director.

In addition to or in substitution of the usual remuneration of a Director, the remuneration of Managing Director and of Whole-time Director shall be fixed by the Company in General Meeting and may be by way of fixed salary or at a specified percentage of the net profits of the Company or both, provided that the remuneration shall not exceed five per cent for any one Managing or Whole-time Director and ten per cent for all of them together, subject to Section 309 read with Section 198 of the Act.

Subject to the provisions of the Act and in particular to the prohibitions and restrictions in Section 292 of the Act, the Board may, from time to time, entrust to and confer upon a Managing Director or Whole-time Director for the time being such of the powers exercisable under these presents by the

Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions (if any) as it thinks expedient, and if may confer such powers, either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board, in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

MANAGER OR SECRETARY

132.

- 1) A Manager and/or Secretary may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Manager or Secretary so appointed may be removed by the Board.
- 2) A Director may be appointed as Manager or Secretary subject to Sections 314 and 383-A of the Act.

REMUNERATION TO DIRECTORS

133.

- i) Subject to the provisions of Section 198, 309, 269 and Schedule XIII of the Act and subject to such sanction of the Company Law Board as may be necessary, the Board of Directors may, on the recommendations of the Remuneration Committee constituted by the Board, determine the remuneration payable to the Managing Director, the Joint Managing Directors or the Whole Time Directors as the case may be, in any manner they may deem fit. The remuneration may be in the form of a monthly salary or a commission based on profits or partly in one way and partly in another as the Board may deem fit.
- ii) The Directors may, in addition to the remuneration referred to in the preceding clause, provide the Managing Director, Joint Managing Director, or Whole Time Director as the case may be, such allowances, amenities, benefits and facilities as they may deem fit from time to time with such sanction as may be necessary.
- iii) The Managing Director, the Joint Managing Director or Whole Time Director as the case may be, shall be entitled to the reimbursed all his or their out-of-pocket expenses incurred by him or them in connection with the business of the Company.

134. Subject to the provisions of the Act, the Directors may from time to time entrust to and confer upon the Managing Director or Joint Managing Directors as the case may be for the time being, such of powers exercisable under these present or by law by the Board of Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restriction as they may think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for, all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. The Joint Managing Directors, may exercise all the powers entrusted to them by the Board of Directors jointly and severally in any manner as they may deem fit.

135. Subject to the provisions of Section 309 of the Act, the Directors of the Company may be paid remuneration by way of commission at such percentage as they deem fit of the net profits of the Company computed in the manner referred to in Section 198, sub-section (1) of the Act, to be shares and distributed amongst the Directors inter-se in such proportions or proportions as they deem fit.

ACCOUNTS

136. The books of accounts shall be kept at the Registered Office of the Company or subject to the provisions of Section 209 of the Act such other place or places as the Directors think fit and shall be open to inspection by the Directors during business hours.

137. The Directors shall, subject to the provisions of Section 209, from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company of 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 authorised by the Directors or by the Company in General Meeting.

INSPECTION

138. Where under any provisions of the Act or any agreement with the Company, any person, whether a member of the Company or not is entitled to inspect any register, return, certificate, deed, instrument or document required to be kept or maintained by the Company, the person so entitled to inspection shall be permitted to inspect the same during the hours of 11 A.M. to 1 P.M. on any working day unless otherwise determined by the Company in General Meeting.

AUDIT

139. At least once in each financial year the accounts of the Company shall be audited by the auditor/s to be appointed at each Annual General Meeting.

WINDING-UP

140.

- i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members in species or kind the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not.
- ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in Trustee upon such trusts for the benefit of contributories as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

NOTICES

141.

- i) A notice may be served on the Company or on an Officer thereof by sending it to the Company or to the Officer at the Registered Office of the Company by post.
- ii) 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.
- iii) A notice may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India, to the address, if any, within India supplied by him to the Company for the giving of notices to him.
- iv) A notice advertised in a newspaper circulating in the neighborhood 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 within India for the giving of notices to him.

SECRECY

142.

- i) Every Director, Whole Time Managing Director, Manager, Auditor, Trustee, member of a Committee, Officer, servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto, and shall, by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any Meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- ii) No member or other person (unless he is a Director) shall be entitled to inspect or examine the Company's premises or properties of the Company without previous

permission of the Director of the Company or Officers authorised by the Directors for the time being or to require discovery or of or any information respecting any detail, of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which, in the opinion of the Directors or Officers authorised by the Directors, it will not be expedient in the interest of the members of the Company to communicate.

INDEMNITY AND RESPONSIBILITY

143.

- i) Subject to the provisions of Section 201 of the Act, every Director of the Company, the Manager, Secretary and other Officers or employees of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which such Director, Manager, Secretary and other Officer or employee may incur or become liable to, by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer, or employee or in any way in the discharge of his duties and the amount for which such indemnity is provided, shall immediately attach a lien on the property of the Company and have priority between the members over all over claims.
- ii) Subject as aforesaid every Director, Manager, Secretary or other Officer and Employees of the Company shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.
- iii) Subject to the provision of Section 201 of the Act, no Director or other officer of the Company shall be liable for the Acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency or title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or Corporation, with whom any moneys, securities, or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement, omission or default or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

RECONSTRUCTION

144.

The Board on any sale or transfer of the whole or any portion of an undertaking of the Company or the liquidator on a 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 Board, (if the profits of the Company permit) or the liquidator (on a winding up), may distribute such shares or securities or any other property of the Company among the members without realisation 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, benefit 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, subject to the provisions of Section 395 of the Act, be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these Articles in case the Company is proposed to be or is in course of being wound up.

SECTION X – OTHER INFORMATION

LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, to be delivered to the Registrar of Companies, for registration and also the documents for inspection referred to thereunder, may be inspected at the Registered office of the Company from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Letter of engagement dated March 17, 2006 to BOB Capital Markets Limited from our Company appointing them as the BRLM.
2. Memorandum of Understanding (MOU) dated March 17, 2006 amongst our Company and BRLM.
3. Letter dated May 17, 2006 appointing Intime Spectrum Registry Limited as the Registrars to the Issue.
4. Memorandum of Understanding (MOU) dated May 17, 2006 entered into with Intime Spectrum Registry Limited, to act as the Registrar to the Issue.
5. Escrow Agreement dated [] amongst Escrow Collecting Banks, Syndicate Members, Registrars, the Company and BRLM.
6. Syndicate Agreement dated December 20, 2006 amongst BRLM, Syndicate Member and the Company.
7. Underwriting Agreement dated [] amongst BRLM, the Company and Syndicate Members.
8. Engagement Letter dated September 15, 2006 of Mr. Sushil Nimbkar, Advocate as Legal Advisors to the issue.

Material Documents

1. Memorandum and Articles of Association as amended from time to time.
2. Resolution passed by the Board of Directors of Company on July 1, 2006 and by the shareholders of Company at the AGM (EGM) held on June 09, 2006 pursuant to Section 81(1A) of the Companies Act, 1956.
3. Copy of the tax benefit report dated September 15, 2006 from Gujar Rawat Sheth & Associates, Chartered Accountants; Statutory Auditors of the Company.
4. Report of statutory Auditors M/s. Gujar Rawat Sheth & Associates dated December 20, 2006 for financial statements mentioned in the Red Herring Prospectus along with the Annual Reports for the relevant period.
5. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Legal Advisor to the Issue, Directors, Company Secretary, Registrars, Bankers to the Issue, Compliance Officer as referred to, in their respective capacities.
6. Power of Attorney executed by the Directors in favour of Mr. M. Radhakrishnan, Director for signing and making necessary changes in the Red Herring Prospectus, Red Herring Prospectus and Prospectus.
7. Copy of Initial Listing application filed with BSE and NSE.
8. In principle listing approvals from BSE dated October 07, 2006 and NSE dated November 06, 2006.
9. Resolutions passed by the Company appointing the Managing Director, Joint Managing Director and Executive Director.
10. Copy of Legal Advisor certificate dated September 15, 2006 regarding litigation.

11. Legal Advisor's due diligence report dated September 15, 2006
12. Resolution of the Meeting of the Board of Directors held on August 04, 2006 for the constitution/ Reconstitution of the Company's Audit Committee, Investors Grievances Committee, and Remuneration Committee.
13. Tripartite agreement between the NSDL, Company and Intime Spectrum Registry Limited dated July 28, 2006.
14. Tripartite agreement between the CDSL, Company and Intime Spectrum Registry Limited dated November 11, 2006.
15. Resolution of the Members of Company passed at the Annual General Meeting held on September 30, 2005 re -appointing M/s. Gujar Rawat Sheth & Associates, Chartered Accountants, as statutory auditors.
16. Certified copies of Form 5 alongwith relevant resolutions for increase in authorized Share Capital.
17. Copies of letters/agreements entered into with Banks/Financial Institutions sanctioning term loan and credit facilities.
18. Copy of the Board Resolution dated December 21, 2006 approving Red Herring Prospectus.
19. Market Data used in the Red Herring Prospectus with regard to Industry Information.
20. Copies of various Government approvals obtained by the Company.
21. Statutory Auditors certificate dated December 20, 2006 regarding sources and deployment of funds as on November 30, 2006.
22. Copy of ISO Certification
23. Due Diligence certificate dated September 25, 2006 issued by Book Running Lead Manager(BRLM) to the issue, BOB Capital Markets Ltd.
24. SEBI Observation letter No. CFD/DIL/PB/AC/81721/2006 dated December 06, 2006.
25. Copy of the Special Resolution passed by the members of the Company under Section 293(1)(a) and Section 293 (1) (d) of the Companies Act 1956.
26. Copies of land documents.

Agreements and Memorandums of Understanding

27. Investment Agreement between Autoline Stampings Private Ltd (now Autoline Industries Ltd); Duke Special Opportunities Fund, Llc, and Autoline Stampings Private Limited, dated 7th September, 2005
28. Investment Agreement between Autoline Stampings Private Ltd (now Autoline Industries Ltd) ; Girvan Indian Ventures II, Llc, And Autoline Stampings Private Limited, dated 15th October, 2005
29. Investment Agreement between Autoline Stampings Private Ltd (now Autoline Industries Ltd) ; Girvan Indian Ventures II, Llc, And Autoline Stampings Private Limited, dated 31 December, 2005
30. Share Purchase Agreement between Autoline Stampings Private Ltd (now Autoline Industries Ltd); Mr. Vilas Lande, Director & Others(Purchasers) 24th October, 2005
31. Share Purchase Agreement between Duke Advisors Private Limited, Autoline

Industries Limited, And Mr. Shivaji Akhade, Promoter dated 29th June, 2006

32. Share Purchase Agreement between Duke Advisors Private Limited, Autoline Industries Limited, And Mr. Sudhir Mungase Promoter dated 29th June, 2006

33. Share Purchase Agreement between Duke Advisors Private Limited, Autoline Industries Limited, And Mrs. Rema Radhakrishnan, Promoter dated 29th June, 2006

34. Share Purchase Agreement between Duke Advisors Private Limited, Autoline Industries Limited, And Mr. Vilas Lande Promoter dated 29th June, 2006

35. Share Purchase Agreement between TS India Holdings, LLC, Autoline Industries Limited, And Mr. Shivaji Akhade, Promoter dated 29th June, 2006

36. Share Purchase Agreement between TS India Holdings, LLC, Autoline Industries Limited, And Mr. Sudhir Mungase, Promoter dated 29th June, 2006

37. Share Purchase Agreement between TS India Holdings, LLC, Autoline Industries Limited, And Mrs. Rema Radhakrishnan, Promoter dated 29th June, 2006

38. Share Purchase Agreement between TS India Holdings, LLC, Autoline Industries Limited, And Mr. Vilas Lande, Promoter dated 29th June, 2006

39. Share Purchase Agreement between Letter of Intent Duke Equity Partners Inc, And Autoline Industries Limited, (formerly known as Autoline Stampings Private Limited) dated 10th July, 2006.

40. MOU between Detroit Engineered Products Inc, 560 Kirts Blvd., Ste 103, Troy,MI, USA and Autoline Industries Limited, dated 28th August, 2006.

41. MOU between Autoline Industries Limited, Mr. Kunju Kutty Aniyann Kutty, a Indian citizen residing at Dubai, P. O. Box 43030, Dubai, United Arab Emirates, and Dimensions Engineering Software Services Private Limited, 112, Nila, Technopark, Trivandrum, Kerala – 695 581 dated 28th day of March, 2006

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time, if so required, in the interest of the Company or if required by other parties, without reference to the shareholders, subject to compliance of the applicable laws.



DECLARATION

We the Directors of our Company hereby declare that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the GOI or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are, to the best of our knowledge and belief, true and correct.

SIGNED BY THE DIRECTORS OF AUTOLINE INDUSTRIES LIMITED

Name	Designation	Signature
Mr. Vikram Bhat	Chairman & Independent Director (Non-Executive)	
Mr. Shivaji Akhade*	Managing Director	
Mr. Sudhir Mungase	Wholetime Director	
Mr . M. Radhakrishnan	Joint Managing Director	
Mr. Gopal Patwardhan	Director (Non- Executive)	
Mr. Ajit B. Karnik	Independent Director (Non-Executive)	
Mr. Vijay K. Thanawala	Independent Director (Non-Executive)	
Mr. Prakash B. Nimbalkar	Independent Director (Non-Executive)	
Mr. Abraham Koshy*	Independent Director (Non-Executive)	
Mr. Stanton Dodson*	Independent Director (Non-Executive)	

***Signed by their constituted power of attorney Mr. M.Radhakrishnan, Joint Managing Director**

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Asutosh B. Kulkarni,
Company Secretary

PLACE: Mumbai
DATE: