

**RED HERRING PROSPECTUS**

Please read Section 60B of the Companies Act, 1956.

Dated December 03, 2007

100% Book Built Issue

PORWAL AUTO COMPONENTS LIMITED

(Our Company was incorporated as Porwal Auto Components Private Limited on 03rd February, 1992 under the Companies Act, 1956, with the Registration No. 10-06912 of 1992. The Company was converted into a Public Limited as "Porwal Auto Components Limited" after passing the necessary resolution in the Extra Ordinary General Meeting held on September 09, 1992 and the Registrar of Companies, Gwalior Madhya Pradesh had issued a fresh certificate of incorporation on 12th October, 1992)

Registered Office: Kanti Mansion, 6-Murai Mohalla, Indore - 452001, Madhya Pradesh, India**Tel No.:** (0731) 4051704 **Fax No.:** (0731) 4051709**Factory:** 209 Sector I Industrial Area, Pithampur - 454775, Madhya Pradesh, India**Tel No.:** (07292) 405101 **Fax No.:** (07292) 405120**Website:** www.porwalauto.com **E-mail:** admin@porwalauto.com**Contact Person:** Mrs. Raina Ajmera, Company Secretary and Compliance Officer

PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF RS. 10 EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. [●] LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 33.11% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 68 TO Rs. 75 PER EQUITY SHARE**THE ISSUE PRICE IS 6.8 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND****AND 7.5 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 up to 50 % of the Issue to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). 5 % of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB's, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, at least 15% of the Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue to the Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

GENERAL RISKS

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

GRADING

This issue has being graded by CARE and has assigned a 'CARE IPO GRADE 3' indicating average fundamentals. For more information on IPO Grading please refer to section "General Information" on page no. 8

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares of the Company are Listed on Over The Counter Exchange of India (OTCEI). The existing Equity Shares and the Equity Shares offered through this Red Herring Prospectus are also proposed to be listed on The Bombay Stock Exchange Limited (BSE), (Designated Stock Exchange). The Company has received in-principle approval for listing of the equity shares from BSE vide their letter no. DCS/IPO/SC/IPO-IP/924/2006-07 dated September 12, 2007 & OTCEI vide their letter no. 0985/LSTG/07/0236 September 07, 2007.

LEAD MANAGER TO THE ISSUE**REGISTRAR TO THE ISSUE****KEYNOTE**

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICE LIMITED

4th Floor, Balmer Lawrie Building

J. N. Heredia Marg Ballard Estate

Mumbai - 400 001

Tel.: (022) 3026 6000; **Fax:** (022) 2269 4323**E-Mail:** mbd@keynoteindia.net**Website:** www.keynoteindia.net**SEBI Regn. No.:** INM 000003606**INTIME SPECTRUM REGISTRY LIMITED**

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Tel : (022) 2596 0320 (9 Lines); **Fax :** (022) 2596 0329**E-Mail :** pacl-fpo@intimespectrum.com**Website :** www.intimespectrum.com**SEBI Regn. No.:** INR 000003761**ISSUE SCHEDULE****BID/ ISSUE OPENS ON : MONDAY, DECEMBER 17, 2007****BID/ ISSUE CLOSES ON : THURSDAY, DECEMBER 20, 2007**



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DEFINITIONS AND ABBREVIATIONS

Term	Description
“PACL” or “the Company” or “our Company” or “Porwal Auto Components Limited” or “we” or “us” and “our”	Porwal Auto Components Limited, a public limited company incorporated under the Companies Act, 1956.
Promoter(s)	Unless the context otherwise requires, the Promoters of PACL refers to, Mr. Surendra Jain, Mr. Devendra Jain, Mr. Mukesh Jain and Flag Vittawas Ltd.
“Our Group” or “Our Companies” or “Group Companies”	Unless the context otherwise requires, refers to the Company on a consolidated basis and / or promoter group companies i.e. Triveni Conductors Limited and Porwal Diesels Private Limited.

Conventional/ General Terms

Term	Description
Articles/Articles of Association/AOA	Articles of Association of Porwal Auto Components Limited as amended from time to time
Companies Act	The Companies Act, 1956, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Directors	The Directors of the Company, unless the context otherwise requires.
Equity Shares	The equity shares of face value of Rs.10/- each of the Company.
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Face Value	Value of paid up equity capital per Equity Share, in this case being Rs. 10/- each
Financial Year /fiscal year/ FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated
Government/ GOI	The Government of India
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, who is not an NRI (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000)
IT Act	The Income Tax Act, 1961, as amended from time to time.
Lacs/Lakhs	One tenth of a Million, i.e 10 Lacs is equivalent to 1 Million.
Memorandum/Memorandum of Association/MoA	The Memorandum of Association of Porwal Auto Components Limited as amended from time to time
NRI/ Non Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.



Term	Description
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000
Reserve Bank of India Act/ RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC	The Registrar of Companies, Madhya Pradesh
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called SEBI (DIP) Guidelines, 2000.
Stock Exchanges	Bombay Stock Exchange Ltd., Over the Counter Exchange of India.

Issue Related Terms

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Closing Date	The date after which the members of the Syndicate 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 regional newspaper.
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.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
Book Running Lead Manager/BRLM/KCSL	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Services Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.

Term	Description
CAGR	Compounded Annual Growth Rate
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalized by the Company in consultation with the BRLM and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Designated Stock Exchange	Bombay Stock Exchange Ltd.
Equity Shares	Equity Shares of the Company of face value of Rs.10/- each unless otherwise specified in the context thereof.
Equity Share Holders	Persons holding equity shares of the Company unless otherwise specified in the context thereof.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with 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.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being HDFC Bank, Canara Bank, Axis Bank and BNP Paribas.
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.
Indian GAAP	Generally accepted accounting principles in India.
Issue	The issue of 50, 00,000 Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. [●] Lacs.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Pay-in-Period	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 QIBs, whose Margin Amount is 10% 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	The price band of a minimum price ("Floor Price") of Rs. 68 and the maximum price ("Cap Price") of Rs. 75 and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalises the Issue Price.



Term	Description
Prospectus	The Prospectus, filed with the Registrar of Companies, Madhya Pradesh, Gwalior containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Portion	Consists of up to 25,00,000 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs being up to 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	All the QIB's as stated in clause 2.2.2B(v) of the SEBI (DIP) Guidelines including Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, Foreign Financial Institutions, venture capital funds registered with SEBI, State Industrial Development Corporations, Insurance Companies, Provident Funds with minimum corpus of Rs. 2500 million and Pension Funds with minimum corpus of Rs. 2500 million.
Registrar/ Registrar to this Issue	Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078
Retail Portion	Consists of atleast 17,50,000 Equity Shares of Rs. 10 each aggregating Rs. [●] Lacs, being at least 35% of the Issue, 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	The BRLM and the Syndicate Members.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Keynote Capitals Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Members.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CI	Cast Iron.
CRPS	Cumulative Redeemable Preference Shares

Abbreviation	Full Form
DP	Depository Participant.
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings Per Equity Share.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued there under.
FIPB	Foreign Investment Promotion Board.
FIs	Financial Institutions.
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
IEC	Importer - Exporter Code issued by the Jt. Director General of Foreign Trade, Ministry of Commerce, Government of India.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
LS	Lump Sum
NAV	Net Asset Value.
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
OEM	Original Equipment Manufacturer
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Madhya Pradesh, located at Gwalior.
RoNW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
SCRA	The Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCR	The Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SG	Spherodical Graphite Iron Casting.
SEBI	The Securities and Exchange Board of India.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
USD or \$ or US\$	The United States Dollar, the legal currency of the United States of America.



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 due to rounding-off. Throughout this Prospectus, all figures have been expressed in Lacs unless otherwise stated all references to “India” contained in this Prospectus are to the Republic of India.

For additional definitions used in this 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 124 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this 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,

In this Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India,

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals also are forward-looking statements.

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

- General economic and business conditions in India;
- The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Government;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political conditions in India.

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



SECTION II : RISK FACTORS

RISK FACTORS & MANAGEMENT'S PROPOSALS TO ADDRESS THE RISK

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

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:

A. INTERNAL RISK FACTORS

1. Outstanding Litigations/disputes/cases pending against the Company/ Promoter / Directors

a. Litigations against the Company

The Company is involved in certain legal proceedings, incidental to its business and operations, which if determined against the Company, could have an adverse impact on the results of its operations and financial condition. The Summary of the litigations is as follows

Sr. No	Particulars	No. of Cases/Disputes	Approx. Amount Involved wherever quantifiable (Rs. in Lacs)
1	Criminal Law	2	Not Quantifiable
2.	Labour Law	9	1.89
3	Employees State Insurance Corporation	1	0.73
4.	Factories Act	3	Not Quantifiable
5.	I.T. Act	1	Not Quantifiable

For more information please refer to "Legal and other Information" commencing on page no.87 of this Prospectus.

b. Litigations pending against Group companies / concern

There are three appeals each filed by Triveni Conductors Ltd and Porwal Diesels Pvt. Ltd., before the Income Tax Appellate Tribunal, Indore Branch against orders filed which are pending. These appeals if determined against them, could have an adverse impact on the results of the operations of these companies.

For more information please refer to "Legal and other Information commencing on page no.87 of this prospectus.

2 Risk relating to the project

a. Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised, any deviation in the actual performance could adversely impact our operations and sustainability

We have not appraised our project from any of the external agency. Our management and key personnel have prepared an internal business plan and investment proposal based on estimates derived from past experience of the promoters derived over the last three decades. State Bank of Indore has part financed the expansion project and disbursed a term loan of Rs. 1200 lacs. There is no guarantee that our estimates will prove to be accurate in the coming years and any significant deviation in the cost of the project could adversely impact our operations and sustainability.

b. We are yet to make arrangements for the procurement of plant and machinery worth Rs 1515.13 lacs aggregating to 49.40 % of the total cost of the plant and machinery of Rs. 3066.48 lacs.

For our proposed expansion plans, machinery worth Rs. 1551.35 lacs constituting 50.60% of the total plant and machinery cost of Rs. 3066.48 lacs, has already been procured by us.. We are yet to place orders for the balance equipment aggregating Rs 1515.13 lacs which constitutes 49.40 % of the estimated cost of plant and machinery. Further any delay in procurement of machinery may affect the schedule of implementation.

c. Licenses and approvals not applied for

The Company has not applied for licence under Shops and Establishment Act in respect of its registered office. If such licence is not applied for the company may face penal consequences under the Shops and Establishment Act.

d. Advances to group company

A sum of Rs. 200 lacs, out of the total proceeds of the issue is to be advanced to Porwal Diesel Pvt. Ltd. an associate company towards machining advance. This advance would be adjusted towards machining charges to be paid by PACL. The advance to the group company will be interest free and unsecured.

3. Company Related Risk

a. Risk associated with contingent liabilities

As per audited Balance Sheet as on 31/03/2007, contingent liabilities are as follows:

Particulars	Amount(Rs. lacs)
Guarantee issued by Bank on behalf of the Company	3.57
Demand from ESIC relating to earlier years(Disputed by the Company, deposited Rs. 0.21 lacs for appeal)	0.73
Total	4.30

In the event any of the above contingent liabilities materialize, it may have an adverse affect on our financial performance

b. No trading in the equity shares of our company

The Equity Shares of our company are listed on the OTCEI since 1994. There is no trading in the equity shares of our company since 1998. The Equity Shares were last traded on 7th July 1998 at a price of Rs. 1.20. No assurance can be given regarding an active and / or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after the issue.

c. Promise Versus Performance

The Company came out with a Issue of 8,57,100 equity shares of Rs.10/- each for cash at par aggregating to Rs. 85,71,000 through the Prospectus dated 22/02/1994. The Issue was made with the object for setting up a plant to manufacture graphite iron and grey iron castings for automobile and engineering industries. The company had made certain projections on the operating and financial performances based on the then prevailing situation. However, due to various reasons, the projections could not be achieved. The details of the variations in the promise-vs.-performance in respect of the public issue is detailed as under:

(Rs. in Lacs)

Particulars	Projection as indicated in the Prospectus dated 22/02/1994			Actual performance During		
	1994-95	1995-96	1996-97	1994-95	1995-96	1996-97
Capacity						
Installed (TPA)	3000	3000	3000	4080	4080	4080
Utilization (%)	70	80	90	6.73	13.13	28.45
Utilized (TPA)						
CI Graded	1575	1680	1755	269.36	388.99	517.52
SG Iron	525	720	945	5.13	146.86	643.41
Net Sales and other Income	422.21	493.67	567.82	45.00	116.15	392.20
PBIDT	149.61	152.46	190.16	11.18	48.60	124.41
Interest	46.51	45.19	43.11	6.06	53.61	85.62
Depreciation	22.83	22.83	22.83	2.75	17.44	23.85
PBT	50.27	84.44	124.82	2.37	(22.45)	(14.94)
PAT	48.89	58.80	81.28	2.37	(22.45)	(14.94)
Equity Capital	170.00	170.00	170.00	167.84	208.72	208.73
Reserves and Surplus	48.89	82.19	133.47	2.37	(10.08)	(25.03)
Dividend	-	15 %	20%	0.00	0.00	0.00
EPS	2.88	3.46	4.78	0.14	(1.08)	(0.71)
CEPS	4.22	4.80	6.12	0.38	(0.18)	0.49
Book Value	12.88	14.83	17.85	10.14	9.51	8.80



d. *We significantly depend on key customers who contribute to more than 90 % of our turnover*

We have long standing relationship with Eicher Motors Limited since the inception of our company. Presently Eicher accounts for approximately 90% of our total turnover. No assurance can be given that we would maintain our sales to Eicher Motors at the current level neither can we assure that they will continue to meet their requirement from us.

Management Proposal

We aim at increasing our ability to supply products to additional customers at volumes required by them through our expansion plans.

e. *We employ a large labour force which could disrupt operations in case of any dispute*

Our current manufacturing process and facilities are labour intensive. We employ a large number of skilled and unskilled labourers. Any disputes between the management and labour in our Company can result in a disruption of our manufacturing activities and thereby affect the profitability of the company.

Management Proposal

We are taking steps to reduce the risk of labour disruptions by converting many processes to automated processes which do not require human intervention and we are also sourcing additional labour requirements on a contract basis.

f. *We are bound by certain restrictive covenants of the loan agreements entered into with banks for availing term loans and working capital facilities*

The Company has availed credit facilities from the Banks and there are restrictive covenants in the agreements for borrowing from banks, among other things which require the company to obtain the approval these banks or provide restrictions mainly for issuing new securities (debt or equity), expansion /diversifications, change in management, issue of bonus shares etc. We cannot undertake any of these activities without obtaining prior permission from these banks.

Management Proposal

We have obtained consents from our Bankers i.e. State Bank of India, State Bank of Indore regarding our proposed public issue.

g. *The Auditors of the Company has made certain Audit Qualifications in their report for the year ended 31/03/2005, 31/03/2006, 31/03/2007 and for the six months ending 30/09/2007*

As per audit report for for the year ended 31/03/2005, 31/03/2006, 31/03/2007 and for the six months ending 30/09/2007 there has been a non provision of deferred tax liability in the books of accounts.

Management Proposal

In view of the substantial expansion plan, management expects to get benefit of depreciation and does not expect any tax liability in the near future. However provision for deferred tax liability has been made in the restated statement of accounts as given under the head financial statements.

B. EXTERNAL FACTORS

a. *We may face power shortages in future due to demand outstripping supply of power within the state of Madhya Pradesh.*

Due to the partition of Madhya Pradesh into the two separate states viz; Madhya Pradesh and Chhattisgarh a large number of power generation units are now located in the state of Chhattisgarh. This has led to a deficiency in the power supply available to Madhya Pradesh. Currently, industrial areas do not face any power cuts whereas residential areas face frequent and prolonged power cuts. The State Government has not announced any intention or plan to commence power cuts to industrial areas, but with the new power generation plants scheduled to come online only in the next three to five years, there could be a situation where industrial areas may face power cuts. In such an event, our production lines may be adversely affected to the extent that our requirement is may not be met by our internal generation facilities through Wind Mills.

b. *Technological advances could render our products obsolete*

Automotive engineering is a rapidly evolving field of science. Constant research and improvements are being carried out in order to make vehicles, lighter, more durable, economical and cheaper. Components which were previously casted from iron are now being replaced with lighter metals like cast aluminium and fabricated steel. An example of

this is the Euro-III engine of the Maruti Swift which is made of fabricated alloy steel or the replacement of iron with aluminium in the manufacture of cylinder heads. Since we are a purely a casting company, some of our products may become obsolete in the future.

c. Risk arising out of volatility of capital markets.

The prices of the equity shares on the stock exchange may fluctuate as result of several factors including volatility in the Indian and global securities market, company's results of operations and performance, performance of the Indian economy, significant developments in India's fiscal and environmental regulations.

d. Competition may affect our business adversely

The automotive component supply industry is highly competitive. Some of our large competitors may have greater financial and other resources than us. We cannot assure you that our products will be able to compete effectively with the products manufactured by our competitors. We believe that the principal competitive factors in our market are price, quality and consistency in meeting customer requirements. Sooner or later a consistent expansion in the capacity of foundry industry could create unhealthy competition. Increasing competition may force us to reduce the prices of our products, which may reduce the revenues and margins and/or also decrease our market share, either of which could have an impact on the business, financial and operations of our Company

e. Changes in Government Policies may affect our operations

Taxes and levies affect the cost of production and prices of our company's products. Any change in the Policies, Regulations and other levies regulated or imposed by either Central or State Government of India may have an adverse impact on our company's business and financial condition. There could be political instability which may have an adverse impact on capital markets and investor confidence.

f. Adverse economic conditions may affect the top line growth of our company

The Indian Auto Component sector has shown a strong growth with a CAGR of 15 % during last 5 successive years. However Indian economy is volatile subject to changes in interest rates, capital market which might affect deterioration of development of infrastructure or various other factor affecting the growth of industrial, manufacturing and services sector. As our casting products are mainly supplied to Automobile industry, any downtrend in the sector might adversely affect our top line Growth of our business and thus our future financial performance.

NOTES:

- Public Issue of 50,00,000 Equity Shares of Rs. 10 each at a price of for cash Rs. [•] aggregating Rs. [•] Lacs.
- The book value per Equity Share of Rs.10 each was Rs 11.24 as on 31/03/2007
- The Net worth of the company as on 31/03/2007 was Rs. 1135.18 Lacs and as on 30/09/2007 was Rs. 1139.00 lacs.
- The average cost of acquisition of Equity Shares for the promoters are as under:

Name of the Promoter	Cost Per Share (Rs.)
Mr. Surendra Jain	10.63
Mr. Devendra Jain	9.74
Mr. Mukesh Jain	10.19
Flag Vittawas Ltd.	10.00

- Other than as disclosed either in Related Party Transactions or otherwise, the promoters/Directors/ Key Management Personnel of our Company has no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding/employment in our Company or out of any business relation with any of the ventures in which they are interested. For interests of promoters and directors, please refer the chapters "Our Management" and "Our Promoters" beginning on pages 58 and 65 of this Offer Document. For related party transactions, refer to page no.78 of the Auditors Report under the section titled 'Related Party Transactions'.
- No loans and advances have been made to any persons/companies in whom the Directors of the Company are interested except as stated in the Auditors report. For details please refer to page no 78 of the Auditors report under the section Loans and Advances.



- Investors are free to contact the BRLM for any complaints/ information/ clarification pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this Offer Document.
- All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- Investors are advised to refer to the paragraph on “Basis of Issue Price” on page 25 of this Offer Document before making an investment in this Issue.
- The Issue is being made through the 100% Book Building Process where up to 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further upto 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price
- In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIBs, Retail Individual Bidders and Non-Institutional Bidders. For details, refer to the chapter titled “Issue Procedure” on page 103 of this Offer Document.
- Under-subscription, if any will be added back to the Issue and the proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLM.

SECTION III - INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that you should consider before investing in our Equity Shares. You should read the entire Offer Document, including the information contained in the chapters titled “Risk Factors” and “Financial Statements” and related notes beginning on pages viii and 70 of this Offer Document before deciding to invest in our Equity Shares.

Overview of Foundry Industry

The Indian Foundry Industry occupies a special place in shaping the country’s economy. India is currently among the 5th largest producers of ferrous and non-ferrous castings and has over 6500 foundries in the small, medium, and large-scale sectors. Approximately 80% are in the small scale sectors. India exports annually above Rs. 3000 Crores worth of castings to countries like USA, U.K., Canada, and Germany etc.

The Basic technologies have undergone change with more emphasis on environmental consciousness. Technologies have now to conform to more and more stringent environmental norms. The foundry population in the US and Europe has declined over the last 20 years largely due to the cost of legislative compliance. This has given the Indian producers a good opportunity for export market. But then a reemergence in the developed world would be with cleaner technology. A study conducted by EXIM bank has shown that in the last 10 years the exports of castings from India have increased seven-fold.

Source : www.tifac.org.in/offer/tlbo

The Indian Foundry Industry is modernizing and expanding its capacities. In the year 2004-05 it clocked production of 4.623 million Tons of Gray Iron, Ductile Iron, Steel and Non-ferrous Castings with a turnover of Rs. 20,000 crores. In the year 2005-06 the production has crossed 5 million Tons and the turnover has crossed Rs. 24,000 crores.

The export of castings from India has climbed from Rs. 875 crores during the year 1999-2000 to Rs. 2625 crores in the year 2004-05. There is increased demand for industrial castings, automobile castings and components and sanitary castings from MNC’s all over the world who have established sourcing offices and International Purchasing Offices (IPO’s) in the country, which is ample testimony to the quality of the Indian Castings. Over 600 foundries in the country have acquired quality certifications of ISO 9001. Some of them have even got QS 9000 and TS 16949 certifications. A foundry in the south has got the prestigious Deming Award. There is now feverish activity in the foundries to achieve quality certifications. At least 1000 foundries are expected to acquire quality accreditation in the next couple of years.

The contribution of the Indian Foundry Industry in the indigenisation effort of the major engineering industries in the country has been commendable. Significantly, the automobile industry, which started growing by geometric proportion from the 1980’s has been the greatest beneficiary. Over the last decade, and especially in the last five years, with the encouraging investments made by the automobile MNC’s and other engineering industries, there has been a qualitative change in the requirements of the castings. This has resulted in exacting specifications on the output of foundries in terms of quality, production schedules and metallurgical integrity. At the same time, there has been constant pressure from customers of the foundries to reduce the costs, despite the volatility of Raw Material prices. Foundries have been coping with this demanding scenario for the last couple of years and are trying to find new ways to combat the situation. One of the major outcome of this scenario has been the graduation of Medium and Large scale foundries to manufacture machined castings to ensure value addition and simultaneously cushion them on the price front. This strategy has specifically benefited foundries that have a sustained record of exports. **Source:** Indian Foundry Journal – Souvenir 2006 54th Indian Foundry Congress, Pune

Overview of Auto Component Industry

India is emerging as a global automobile giant. In recent years this industry has made pioneering efforts in adopting modern technology and allowing the entry of foreign players. This is well supported by the economic conditions particularly in the financial sector and in foreign direct investment.

During the last decade, conscious efforts have been made to fine-tune state policy to enable the Indian automobile industry realize its potential to the fullest. Increasing competition as result of liberalization has led to continuous modernization as well as international standards. Moreover, auto finance with aggressive marketing strategies has played a big role in boosting the automobile demand.

Source: www.asiatradehub.com/india/manufacturingindustry.asp

The Indian auto component industry is likely to almost double to US\$ 18.7 billion by 2009 and reach about US\$ 40 billion by 2014. Its globally competitive auto component manufacturing sector has been much in demand with global auto majors.



A number of them source critical components from India, with engine parts making up nearly one third of all exports:

- Engine parts (31 per cent)
- Drive transmission and steering parts (19 per cent)
- Body and chassis (12 per cent)
- Suspension and braking parts (12 per cent)
- Equipment (10 per cent)
- Electrical parts (9 per cent)
- Others (7 per cent)

Source: www.ibef.org/industry/autocomponents.asp

Company Overview

Our Company was incorporated on 03/02/1992 at Pithampur, an industrial township 30 km away from the city of Indore in Madhya Pradesh. We are engaged in the manufacture and selling of SG and CI castings for the automobile sector which finds application in Commercial Vehicle Segment. The manufacturing plant of the company is situated at Pithampur 30 Kms. away from Indore. The unit is situated close to automobile manufacturers like Eicher Motors Ltd., Avtec Ltd., Kinetic Motors Ltd., Force Motors Ltd., L & T Case Equipment Pvt. Ltd. and Man Trucks Pvt. Ltd etc. The present installed capacity of the company as on June 2007 is 9000 MT per annum which was increased from 7400 MT per annum as of March 2007. Through the proposed expansion, the company proposes to increase its installed capacity to 27600 MT per annum.

Our company manufacturers around 12 different categories of castings such as SG Iron & Grey Iron Hubs, Different carriers and cases, bracketory components, Transmission cases, T G cases, Housings & cover components, Brake Drums, Links components, Pulleys, Pump parts, Exhaust manifolds and Bends. These products find applications in automobile and engineering industry.

SELECTED FINANCIAL INFORMATION

The following table sets forth the selected historical financial information of Porwal Auto Components Limited derived from its restated and audited financial statements for the fiscal years ended 31 March, 2003, 2004, 2005, 2006, 2007, half year ended 30th September 2007 and all prepared in accordance with Indian GAAP, the Companies Act, and SEBI guidelines, and restated as described in the auditor's report of M/s ASSG & Associates, included in the section titled "Financial Information" on page no.70 of this RHP and should be read in conjunction with those financial statements and notes thereon.

Summary Statement of Profit and Loss

(Rs. in lacs)

Particulars		For the Year ended					Six Months ended
		31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007	30/09/2007
Income							
Sales (Including excise Duty)		1387.30	1908.72	2745.40	2579.45	3397.02	1774.81
Other Income		0.18	0.04	0.00	0.00	0.00	0.00
Increase / (Decrease) in Stock		-0.49	-49.12	-22.33	150.09	66.55	-104.78
Total	A	1386.99	1859.64	2723.07	2729.54	3463.57	1670.03
Expenditure							
Operating expenses		858.79	1220.31	1862.39	1915.68	2365.51	1098.96
Excise Duty		201.17	255.01	404.40	378.25	445.48	191.41
Payments to & Provision for Employees		123.87	125.39	126.88	127.09	156.20	72.95
Administrative & Selling Expenses		50.15	50.94	55.67	57.76	91.15	50.74
Commercial Tax		0.00	0.00	0.00	15.55	126.59	66.62
Interest & Finance Charges		66.04	56.73	36.21	15.70	23.67	60.14
Loss on sale of fixed assets		1.39	0.07	1.57	1.13	0.01	0.00
Preliminary expenses W/O		1.27	1.27	0.00	0.76	0.76	0.00
Depreciation		71.30	80.03	76.48	84.16	105.26	52.60
Total	B	1373.98	1789.75	2563.60	2596.08	3314.63	1593.42
Net Profit before Exceptional items	A-B	13.01	69.89	159.47	133.46	148.94	76.61
Exceptional items		0.00	0.00	0.02	0.45	0.23	0.00
Net Profit before tax		13.01	69.89	159.47	133.01	148.71	76.61
Current Tax		0.00	4.41	12.55	12.75	15.05	0.00
Deferred Tax		6.65	22.78	1.90	0.00	0.00	0.00
Fringe Benefit Tax		0.00	0.00	0.00	1.36	1.85	1.00
Net Profit as per Audited P/L		6.36	42.70	145.02	118.90	131.81	76.61
Deferred tax		0.00	0.00	51.98	36.85	56.42	0.00
Net Profit as restated		6.36	42.70	93.03	82.05	75.39	75.61
Dividend On equity		0.00	0.00	0.00	0.00	0.00	0.00
Tax on dividend		0.00	0.00	0.00	0.00	0.00	0.00
Transferred to Reserve		6.36	42.70	93.03	82.05	75.39	75.61
Adjustment							
Net Profit as per audited P & L		6.36	42.70	145.02	118.02	131.81	75.61
Income Tax Demand adjusted		0.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax		0.00	0.00	51.98	36.85	56.42	46.33
Net Profit as restated		6.36	42.70	93.03	82.05	75.39	29.38
Balance carried forward as restated		6.36	42.70	93.03	82.05	75.39	29.38



Statement of Assets and Liabilities

(Rs. in lacs)

Particulars	As at					Six Months ended
	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007	30/09/2007
ASSETS						
(1) Fixed Assets:						
(a) Gross Block	861.37	973.1	1052.24	2293.33	3424.33	3677.13
(b) Less: Depreciation	357.87	436.69	512.46	593.95	699.05	751.65
Net Block	503.50	536.41	539.78	1699.38	2725.28	2925.48
(2) Capital work in progress & Project expenses pending allocation	0.00	0.00	144.09	0.00	0.00	0.00
(3) Investments:	0.00	0.00	0.00	1.25	1.25	1.25
(4) Current Assets, Loans & Advances						
(a) Inventories	167.91	195.37	187.92	448.22	513.72	332.43
(b) Cash & Bank balances	20.63	22.09	1.77	1.94	1.81	1.90
(c) Sundry Debtors	118.92	65.04	65.86	50.29	101.34	222.46
(d) Loans & Advances	49.27	79.1	62.20	357.67	371.27	304.58
	356.73	361.6	317.76	858.12	988.14	861.37
A. TOTAL ASSETS (1+2+3+4)	860.23	898.01	1001.62	2558.75	3714.67	3788.10
Less: Liabilities and provisions						
(1) Loan Funds:						
(a) Secured Loans	382.83	306.22	161.04	742.70	1305.60	1447.88
(b) Unsecured Loans	285.52	330.74	389.39	398.43	634.44	581.84
(c) Current Liabilities	147.09	146.01	143.96	250.72	479.15	412.74
(d) Provisions	3.78	7.27	12.55	12.75	15.05	15.05
B. Total (a+b+c+d)	819.22	790.24	706.94	1404.60	2434.24	2457.51
Net worth before deferred tax liability (A-B)	41.01	107.77	294.68	1154.15	1280.43	1330.59
Deferred Tax Liability/Asset(-)	-24.68	-1.90	51.98	88.84	145.26	191.59
Adjusted Net worth	65.69	109.67	242.70	1065.31	1135.18	1139.00
Represented by:						
(a) Capital	210.00	210.00	210.00	1010.00	1010.00	1010.00
(b) Reserves & Surplus	-143.04	-100.33	-7.30	74.75	150.14	179.42
(c) Preliminary expenditure to the extent of not written off	-1.27	0.00	0.00	-19.44	-24.96	-50.42
(d) Share Application Money	0.00	0.00	40.00	0.00	0.00	0.00
Adjusted Net worth	65.69	109.67	242.70	1065.31	1135.18	1139.00

THE ISSUE

Equity Shares Offered:	50,00,000 Equity Shares aggregating Rs.[●] Lacs.
Of which	
A) Qualified Institutional Buyers Portion ⁽¹⁾	Upto 25,00,000 Equity Shares aggregating Rs.[●] Lacs, constituting up to 50% of the Issue
- Of which 5% is Available for Allocation to Mutual Funds [The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.]	Upto 1,25,000 Equity Shares aggregating Rs.[●] lacs
- Balance for all QIB including Mutual Funds	Upto 23,75,000 Equity Shares aggregating Rs.[●] Lacs
B) Non-Institutional Portion ⁽¹⁾	7,50,000 Equity Shares aggregating Rs.[●] Lacs, constituting upto 15% of the Issue that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion ⁽¹⁾	17,50,000 Equity Shares aggregating Rs.[●] Lacs constituting not less than 35% of the Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	1,01,00,000 Equity Shares of Rs. 10/- each.
Equity Shares outstanding after the Issue	1,51,00,000 Equity Shares of Rs.10/- each.
Use of Proceeds	Please refer to chapter titled “Objects of the Issue” on page 17of this Offer Document for additional information.

⁽¹⁾ Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.



GENERAL INFORMATION

PORWAL AUTO COMPONENTS LIMITED

Our Company was incorporated as Porwal Auto Components Private Limited on 03rd February, 1992 under the Companies Act, 1956, with the Registration No. 10-06912 of 1992. The Company was converted into a Public Limited as “Porwal Auto Components Limited” after passing the special resolution in the Extra Ordinary General Meeting held on September, 09th 1992 and received a fresh certificate of incorporation dated 12th October, 1992 from the Registrar of Companies, Madhya Pradesh, Gwalior.

Registered Office of the Company	Kanti Mansion, 6-Murai Mohalla, Indore (Madhya Pradesh) Tel : (0731) 4051704; Fax : (0731) 4051709, E-Mail: admin@porwalauto.com
Factory	209 Sector I, Industrial Area, Pithampur District Dhar, Madhya Pradesh Tel : (0792) 405101; E-Mail : admin@porwalauto.com

Our Company is registered with the Registrar of Companies, Madhya Pradesh, Gwalior

Registration Number: 10-06912 of 1992 and **CIN Number:** L34300MP1992PLC006912

Board of Directors

The Company is managed by Board of Directors comprising of 6 Directors. Mr. Surendra Jain is the Chairman of the Board and Mr. Devendra Jain is the Managing Director.

Sr. No.	Name	Designation	Status (Executive or Non Executive)
1.	Mr. Surendra Jain	Chairman	Executive and Non-Independent
2.	Mr. Devendra Jain	Managing Director	Executive and Non Independent
3.	Mr. Mukesh Jain	Director	Executive and Non Independent
4.	Mr. Nitin Dafria	Director	Non-Executive and Independent
5.	Mr. Ashish Saboo	Director	Non-Executive and Independent
6.	Mr. Surajmal Kucheria	Director	Non-Executive and Independent

Brief Profile of the Directors

Mr. Surendra Jain, aged 55 years is an Engineer by qualification and has over 33 years of experience in manufacturing of copper and also in automobile industry. He is the Executive Chairman of the Company. He has been associated with the Company since its incorporation. He is also a Director in M/s. Triveni Conductors Limited.

Mr. Devendra Jain, aged 53 years is a Bachelor in Mechanical Engineering from BITS, Pilani with 28 years of experience in the Auto Component industry. He is the Managing Director of the company. He is in charge of Production, Marketing and other day to day operations of the Company. Mr. Devendra Jain is also a Director in Pithampur Auto Cluster Ltd.

Mr. Mukesh Jain, aged 51 years is a Commerce graduate (B.Com). He is in charge of all the financial operations of the Company and looks after the administration of the company.

Mr. Nitin Dafria aged 42 years has an experience of more than 15 years in taxation and corporate management consultancy. He is a Chartered Accountant, MBA by profession. He is a Non-Executive Independent Director of the Company.

Mr. Ashish Saboo aged 33 years is a Chartered Accountant by profession. He is a practicing Chartered Accountant having experience of more than 7 years. He is well-organized in the area of Audit and Finance. He is a Non-Executive Independent Director of the Company.

Mr. S. B. Kucheria aged 67 years is a Non Executive Independent Director of the Company. He is a B.com, CAIIB and has over 36 years of Banking Experience in various capacities. He is former Managing Director of State Bank of Saurashtra .He was also director of SBI Factors and Commercial Services Ltd.

For further details of our Board of Directors, please refer to the chapter titled “Our Management” on page 58 of this Offer Document.

ISSUE MANAGEMENT TEAM

<p>Legal Advisors to the Issue Corporate Law Chambers India, Advocates 44 A Nariman Bhavan, Nariman Point , Mumbai – 400 023 Tel : (022) 6632 1528 Fax : (022) 6632 1531 E-mail : mail@corplawchambers.com</p>	<p>Auditors to the Company ASSG & Associates Kanti Mansion, 6, Murai Mohalla Indore, Madhya Pradesh Tel: (0731) 2704981 Fax : (0731) 2704981 E-mail : assgindore@eth.net</p>
<p>Bankers to the Company</p>	
<p>STATE BANK OF INDIA S. M.E. Branch, A. I. M. O. Building, Polo Ground, Indore 452 001 Tel: (0731) 2424455/2424466 Fax: (0731) 2423276 E-mail : sbi4037@sancharnet.in</p>	<p>STATE BANK OF INDORE Palsikar Colony, Indore 452 001 Tel: (0731) 2463624/ 2366105 Fax: (0731) 2463624 E-mail : indorebank@sancharnet.in</p>
<p>Book Running Lead Manager (BRLM) <u>KEYNOTE</u> CORPORATE SERVICES LTD KEYNOTE CORPORATE SERVICES LIMITED 4th Floor Balmer Lawrie Bldg, 5, J.N. Heredia Marg, Ballard Estate, Mumbai – 400 001 Tel: (022) 30266000 Fax: (022) 22694323 E-mail: mbd@keynoteindia.net SEBI Regn No: INM 000003606 Contact Person: Mr. Bhavin Shah Website: www.keynoteindia.net</p>	<p>Registrar to this Issue  INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup West, Mumbai – 400 078 Tel.: (022) 2596 0320 (9 Lines) Fax: (022) 2596 0329 E-mail: pacl-fpo@intimespectrum.com SEBI Regn. No.: INR 000003761 Contact Person : Mr. Sachin Achar Website: www.intimespectrum.com</p>

Company Secretary and Compliance Officer

Ms. Raina Ajmera
 Porwal Auto Components Ltd.,
 209 Sector I, Industrial Area,
 Pithampur, Madhya Pradesh.
Tel: (07292) 405101
Fax: (07292) 405120
E-mail: admin@porwalauto.com

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

SYNDICATE MEMBER

Keynote Capitals Limited
 4th Floor Balmer Lawrie Bldg,
 5, J.N. Heredia Marg,
 Ballard Estate, Mumbai – 400 001
Tel: (022) 30266044,
Fax: (022) 22694323
E-mail: kcl@keynoteindia.net
Website: www.keynoteindia.net
Contact Person: Mr. Alpesh Mehta



Bankers to the Issue and Escrow Collection Banks

HDFC Bank 2 nd Floor, Process House, Kamala Mills Compound Senapati Bapat Marg, Lower Parel Mumbai – 400 013 Tel : (022) 24988484 Fax : (022) 24963871 E-mail : Deepak.rane@hdfcbank.com Website : www.hdfcbank.com Contact Person : Mr. Deepak Rane	Canara Bank Capital Market Service Branch 11, Homji Street, Varma Chambers Building, Ground Floor, Fort Mumbai - 400 001 Tel : (022) 22692973 Fax: (022) 22664140 E-mail : mcity2422@canbank.co.in Website : www.canbankindia.com Contact Person : Mr. T. Muralidharan
Axis Bank Kamal Palace 1, Yashwant Colony, Y.N. Road, Indore – 452 003 Tel : 9826744788 Fax : (0731) 2436910 E-mail : ashish.vyas@axisbank.com Website : www.axisbank.com Contact Person : Mr. Ashish Vyaas	BNP Paribas 1 Forbes, 6 th Floor, Dr. V.B. Gandhi Marg, Mumbai – 400 023 Tel : (022) 66182644 Fax : (022) 66337521 E-mail : V.Ravichander@asia.bnpparibas.com Website : www.bnpparibas.co.in Contact Person : Mr. V. Ravichander

Brokers to the Issue

All the brokers registered with SEBI will be brokers to the said issue of equity shares

Statement of Inter Se Allocation of Responsibilities among the BRLM

Not Applicable

Credit Rating

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

Trustees

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

Monitoring Agency

There is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI Guidelines

IPO Grading

This Issue has been graded by Credit Analysis & Research Ltd. (CARE) and has been assigned the 'CARE IPO GRADE 3', indicating average fundamentals to the issue, through its letter dated October 15, 2007. CARE assigns IPO Grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO Grading is an opinion on the fundamentals of the issuer. The Grade assigned to any individual issue represents a relative assessment of the fundamentals of the issuer.

Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of the Red Herring Prospectus. This Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- (1) Our Company;
- (2) Book Running Lead Manager, in this case being Keynote Corporate Services Limited.
- (3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE and eligible to act as underwriters, in this case being Keynote Capitals Limited.
- (4) Registrar to the Issue, in this case being Intime Spectrum Registry Limited.

The Issue is being made through the 100% Book Building Process where up to 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, upto 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are now required to pay 10% Margin Amount upon submission of their Bid. For details see the chapter titled “Terms of the Issue” on page 101 of this Offer Document.

Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Offer Document and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the chapter titled “Issue Procedure” on page 103 of this Offer Document. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 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 website of the BSE (www.bseindia.com) during the bidding period.

The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price(Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67 %
1000	23	1500	50.00 %
1500	22	2000	100.0 %
2000	21	3000	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 quantum of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut off price i.e. at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

The process of Book Building under the SEBI Guidelines is relatively new and is subject to change from time to time. Accordingly, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Issue opening date but before Allotment, without assigning any reason therefore.



Bid/Issue Programme

Bidding Period / Issue Period

BID / ISSUE OPENED ON	Monday, December 17, 2007
BID / ISSUE CLOSED ON	Thursday, December 20, 2007

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form and uploaded till such time as permitted by the BSE.

The Company reserves the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. 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 RHP.

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

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Madhya Pradesh, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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 Registrar of Companies, Madhya Pradesh.)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Keynote Corporate Services Limited	[•]	[•]
Keynote Capitals Limited	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the Company (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 SEBI Act.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. 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. For further details about allocation please refer to “Other Regulatory and Statutory Disclosures” on page 92 of this Offer Document.

CAPITAL STRUCTURE

The share capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below.

Particulars	Aggregate Value at Nominal Price. (Amount in Rs.)	Aggregate Value at Issue Price (Amount in Rs.)
A. Authorized Capital : 2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000	
B. Issued, Subscribed and Paid Up Capital before this Issue : 1,01,00,000 Equity Shares of Rs. 10/- each	10,10,00,000	
C. Present Issue in terms of this offer document : 50,00,000 Equity Shares of Rs 10/- each	5,00,00,000	[•]
D. (Of Which) - QIB portion of up to 25,00,000 Equity Shares of Rs 10/- each ⁽¹⁾ - Non Institutional Portion upto 7,50,000 Equity Shares of Rs. 10/- each ⁽¹⁾ - Retail Portion at least 17,50,000 Equity Shares of Rs. 10 /- each ⁽¹⁾	2,50,00,000 75,00,000 1,75,00,000	[•] [•] [•]
E. Issued, Subscribed and Paid-Up Capital after this Issue 1,51,00,000 Equity Shares of the Face Value of Rs. 10/- each	15,10,00,000	[•]
Securities Premium Account Before this Issue After this Issue		10,00,000 [•]

⁽¹⁾ Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

Our company is considering the private placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such private placement subject to a minimum issue size of 25% of the post issue capital being offered to the public.

Details of increase in our authorized share capital, since incorporation, are as follows:

Sr. No.	Details of increase in authorized share capital	Date
1	Incorporation Rs.5,00,000 divided into 5,000 Equity Shares of Rs. 100 each.	January 20, 1992
	Sub- Division of Equity shares from Face Value of Rs.100/- to Rs.10/-	March 25, 1993
2	Increased to Rs. 2,00,00,000 divided into 20,00,000 Equity Shares of Rs. 10 each.	March 25, 1993
3	Increased to Rs. 2,50,00,000 divided into 25,00,000 Equity Shares of Rs. 10.	July 31, 1995
4	Increased to Rs. 20,00,00,000 divided into 2,00,00,000 Equity Shares of Rs. 10.	January 12, 2006



Notes to Capital Structure

1. Share capital history of our company

Date of Allotment	Number of Equity Shares	Cumulative Share Capital (no. of shares)	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Reasons for allotment (bonus, swap etc.)	Cumulative Paid-up Capital (in Rupees)
20/01/1992	20	20	100	100	Cash	Subscription to MOA	2,000
05/05/1992	50	70	100	100	Cash	Further Allotment	7,000
The face value of shares were reduced from Rs. 100/- to Rs. 10/- vide resolution passed at the AGM dated 25/03/1993							
28/04/1994	16,99,300	17,00,000	10	10	Cash	Public Issue including promoters' contribution	1,70,00,000
30/09/1995	4,00,000	21,00,000	10	12.50	Cash	Preferential allotment	2,10,00,000
25/01/2006	80,00,000	1,01,00,000	10	10	Cash	Preferential allotment *	10,10,00,000
Total	1,01,00,000						

* M/s. ASSG & Associates, Chartered Accountants and Statutory Auditors of the Company vide their certificate dated 07/01/2006 in respect of preferential allotment made to promoters group and others have certified that the calculation of preferential issue price for the allotment is in accordance with SEBI guidelines. The formalities as regards the SEBI(SAST) Regulations have been completed and an Open Offer was made to the equity shareholders of PACL.

As on date of filing of this Red Herring Prospectus with SEBI, our issued capital is fully paid up.

2. Promoters Contribution and Lock-In :

Name of Promoter	Date of Allotment / Transfer	Allotment/ Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% age of Post Issue	Lock in Period*
Mr. Devendra Jain	Incorporation	Allotment	Cash	100	100	100	0.00	3 Years
	28/04/1994	Allotment	Cash	1,39,800	10	10	0.93	3 Years
	30/09/1995	Allotment	Cash	40,000	10	12.50	0.26	3 Years
	23/12/1998	Transfer/ Purchase	Cash	11,800	10	2.50	0.08	3 Years
	31/01/2001	Transfer/ Purchase	Cash	10,900	10	1.00	0.07	3 Years
	25/01/2006	Allotment	Cash	1,26,000	10	10	0.83	3 Years
	Sub-Total				3,28,600			2.18
Mr. Surendra Jain	05/05/1992	Allotment	Cash	100	10	100	0.00	3 Years
	28/04/1994	Allotment	Cash	1,18,900	10	10	0.79	3 Years
	30/09/1995	Allotment	Cash	96,000	10	12.50	0.64	3 Years
	25/01/2006		Cash	1,65,000	10	10	1.09	3 Years
	Sub-Total				3,80,000			2.52
Mr. Mukesh Jain	05/05/1992	Allotment	Cash	100	10	100	0.00	3 Years
	28/04/1994	Allotment	Cash	1,10,900	10	10	0.73	3 Years
	30/09/1995	Allotment	Cash	19,200	10	12.50	0.13	3 Years
	25/01/2006	Allotment	Cash	1,28,000	10	10	0.85	3 Years
	Sub-Total				2,58,200			1.71
Flag Vittawas ** Ltd.	25/01/2006	Allotment	Cash	20,53,200	10	10	13.60	3 Years
	Sub-Total				20,53,200		13.60	
Grand Total				30,20,000			20.00	

- * The lock in shall start from the date of allotment in the proposed public issue and the period of lock in would be three years from the date of commencement of production or the date of allotment in the public issue whichever is later as per clause 4.11 of the SEBI (DIP) Guidelines.
- ** The equity shares held by Flag Vittawas Ltd., are presently under lock –in upto 25/01/2009 as per clause 13.3.1 of the SEBI (DIP) Guidelines for Preferential Allotment. The “lock-in” in these shares would be extended upto a period of 3 years from the date of allotment in this issue

Notes:

- Besides above 22,46,800 equity shares, forming 14.88% of post issue paid-up capital held by the promoter group are under “lock-in” upto 25/01/2009 in terms of clause 13.3.1 of SEBI (DIP) guidelines for preferential allotment of equity shares made on 25/01/2006.
- Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post-Issue paid-up equity share capital from the date of allotment in this issue. Promoters’ contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
- Equity Shares held by Promoters which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of our 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. The locked-in Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

3. Transactions in our Company’s Equity Shares by our Promoter & their relatives or the directors of our Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI

There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, directors of our company, their group companies or associates or by the above entities directly or indirectly through other persons

4. The shareholding pattern of our Company before and after the Issue is as follows:

Shareholder’s Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
a) Promoters				
Devendra Jain	3,28,600	3.25	3,28,600	2.18
Surendra Jain	3,80,000	3.76	3,80,000	2.52
Mukesh Jain	2,58,200	2.56	2,58,200	1.71
Flag Vittawas Ltd.	27,50,000	27.23	27,50,000	18.21
Total (a)	37,16,800	36.80	37,16,800	24.61
b) Immediate Relative of promoters (Spouse, Parent, Child, Brother, Sister)				
Gajendra Jain	2,43,400	2.41	2,43,400	1.61
Shailesh Jain	1,69,400	1.68	1,69,400	1.12
Chandanbai Jain	1,44,000	1.43	1,44,000	0.95
Pramila Jain	1,10,000	1.09	1,10,000	0.73
Sunita Jain	1,14,600	1.13	1,14,600	0.76
Pushpa Jain	95,000	0.84	85,000	0.56
Premlata Jain	92,000	0.91	92,000	0.61
Atin Jain	78,500	0.78	78,500	0.52
Arshi Jain	72,500	0.72	72,500	0.48
Manju Jain	94,900	0.94	94,900	0.63
Shejal Jain	34,500	0.34	34,500	0.23



Parul Jain	26,500	0.26	26,500	0.18
Richa Jain	24,000	0.24	24,000	0.16
Cherry Kapale	23,500	0.23	23,500	0.16
Reema Bardia	23,000	0.23	23,000	0.15
Sonali Jain	30,800	0.30	30,800	0.20
Chandan Bhai Jain	20,000	0.20	20,000	0.13
Rohan Jain	17,500	0.17	17,500	0.12
Riti Dawara	9,000	0.09	9,000	0.06
Shikha Gawde	7,000	0.07	7,000	0.05
Anish Jain	4,000	0.04	4,000	0.03
Santosh Aidasani	75,000	0.74	75,000	0.74
Total (b)	15,09,100	14.94	15,09,100	10.00
c) Company in which 10 % or more of the share capital is held by the promoter his immediate Relative firm or HUF in which the promoter or his immediate relative is a member				
	-	-	-	-
Total (c)	-	-	-	-
d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital				
	-	-	-	-
Total (d)	-	-	-	-
e) HUF in which aggregate share of the promoter and his immediate relative is equal or more than 10% or more of the share capital				
Devendra Jain Huf	69,000	0.68	69,000	0.46
Gajendra Jain Huf	66,000	0.65	66,000	0.44
Surendra Jain Huf	59,500	0.59	59,500	0.39
Mukesh Jain Huf	59,000	0.58	59,000	0.39
Shailesh Jain Huf	20,500	0.21	20,500	0.14
Total (e)	2,74,000	2.72	2,74,000	1.81
f) Non Promoter Holding	46,00,100	45.54	96,00,100	63.58
Grand Total	1,01,00,000	100.00	1,51,00,000	100.00

5. Equity Shares held by the top ten shareholders:

5a. Top ten shareholders as on the date of filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Porwal Finsec Private Limited	37,73,300	37.35
2	Flag Vittawas Ltd.	27,50,000	27.23
3	Surendra Jain	3,80,000	3.76
4	Devendra Jain	3,28,600	3.25
5	Mukesh Jain	2,58,200	2.56
6	Gajendra Jain	2,43,400	2.41
7	Shailesh Jain	1,69,400	1.68
8	Chandanbai Jain	1,44,000	1.43
9	Sunita Jain	1,14,600	1.13
10	Pramila Jain	1,10,000	1.09
	TOTAL	82,71,500	81.89

5b. Top ten shareholders ten days prior to filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Porwal Finsec Private Limited	37,73,300	37.35
2	Flag Vittawas Ltd.	27,50,000	27.23
3	Surendra Jain	3,80,000	3.76
4	Devendra Jain	3,28,600	3.25
5	Mukesh Jain	2,58,200	2.56
6	Gajendra Jain	2,43,400	2.41
7	Shailesh Jain	1,69,400	1.68
8	Chandanbai Jain	1,44,000	1.43
9	Sunita Jain	1,14,600	1.13
10	Pramila Jain	1,10,000	1.09
	Total	82,71,500	81.89

5c. Top ten shareholders two years prior to filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	Surendra Jain	2,15,000	10.24
2	Devendra Jain	1,79,900	8.57
3	Mukesh Jain	1,30,200	6.20
4	Shailesh Jain	1,22,400	5.83
5	Gajendra Jain	1,06,000	5.05
6	Ashok Kasliwal	98,400	4.69
7	Pramila Jain	60,000	2.86
8	Sunita Jain	55,000	2.62
9	Moneytech Finlease Ltd.	51,200	2.44
10	Pushpa Jain	51,000	2.43
	Total	10,69,100	50.91

6. Our 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.
7. There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by our Company, our Promoters, Directors, BRLM for the equity shares offered through this Red Herring Prospectus.
8. Our Company has not raised any bridge loan against the proceeds of the issue.
9. Our company has 1,229 Shareholders as on the date of filing this Red Herring Prospectus with SEBI.
10. The Equity Shares will be issued and traded on the stock exchange only in dematerialized form. Hence the market lot of the equity shares is 1 (One share).
11. Our Company undertakes that at any given time, there shall be only one denomination for the Equity Shares of our Company and the Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
12. An over-subscription to the extent of 10% of the net offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.



13. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or public issue except private placement during the period commencing from submission of this Red Herring Prospectus with SEBI for this public issue until the Equity Shares to be issued in terms of this Red Herring Prospectus have been listed.
14. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into equity shares, exchangeable, directly or indirectly, for our Equity Shares whether preferential or otherwise) except that our company may issue options to employees, being eligible hereunder, pursuant to any Employee Stock Option Plan or if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures. However, as on the date of filing this Red Herring Prospectus with SEBI, our Company does not have any stock option or stock purchase plan/scheme, requiring approval under the SEBI(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
15. Our Company has not revalued its assets since incorporation

OBJECTS OF THE ISSUE

The Company intends to utilize the proceeds of this Issue towards the following purposes:

- To augment the current ongoing expansion of its manufacturing capacity of the CI and SG castings from 6600 MT per annum to 27600 MT per annum.
- Setting up of one Wind Mill, having Power generation capacity of 1.5 MW which would be used for captive consumption.
- To meet working capital requirement.
- To meet the Public Issue Expenses.
- To list the equity shares at the Bombay Stock Exchange

Details of the Project

PACL is engaged in the manufacturing of CI and SG castings which are used in the Automobile Industry. The Company proposes to expand its manufacturing capacities from 6600 MT per annum to 27,600 MT per annum to meet the growing demand in the industry. The Company has already commenced its expansion since 2005 and presently has increased its installed capacity to 9000 MTPA. This expansion has been funded through a Term Loan from State Bank of Indore to the tune of Rs. 1200 Lacs and through the proceeds of the preferential allotment of equity shares. In addition to the above mentioned capacity expansion plan, the company plans to setup one Wind Mill, of 1.5 Mw Power Generation capacity at Palsodi in state of Madhya Pradesh for captive consumption.

The main objects and objects incidental or ancillary to the main objects set out in the Memorandum of Association of Porwal Auto Components Limited enables it to undertake its existing activities and the activities for which funds are being raised by them through this Issue.

COST OF PROJECT AND MEANS OF FINANCE

The cost of the project and means of finance is as follows:

COST OF PROJECT

Particulars	Amount(Rs. in lacs)
Land	17.50
Factory Building	544.51
Plant & Machinery	3066.48
Wind Mill	990.00
Miscellaneous Fixed Assets	548.52
Contingencies	151.43
Pre-Operative Expenses	206.57
Public issue expenses	[•]
Working Capital Margin	[•]
Total	[•]

MEANS OF FINANCE

Particulars	Amount(Rs. in lacs)
Public Issue	[•]
Preferential Allotment of equity shares	800.00
Term Loan from State Bank of Indore	1200.00
Unsecured Loan	250.00
Internal Accruals	177.00
Total	[•]



The company has been sanctioned a term loan of Rs. 1200 lacs by State Bank of Indore vide sanction letter dated 15/07/2005. The term loan has been fully disbursed.

The Unsecured loan of Rs.250.00 lacs has been given by Eicher Motors Limited. Eicher Motors Limited has provided an interest free advance of Rs.250.00 lacs which was disbursed during December 2006. The said loan will be repayable to Eicher Motors by PACL in 30 Monthly installments commencing from April 2007. There has been no defaults in the payments of installments on date

SCHEDULE OF IMPLEMENTATION

The schedule of implementation and the progress made so far is given below:

Nature of Work	Commencement	Completion
Purchase of new Land	June, 2006	May, 2007
Land Development	January, 2005	December, 2007
Building Erection	January, 2005	January, 2008
Placement of Order of Plant and Machinery	March, 2005	December, 2007
Delivery & Installation of Plant and Machinery	September, 2005	April, 2008
Placement of Order for Wind Mills	October , 2007	October , 2007
Delivery of Wind Mills	January, 2008	March, 2008
Trial Run	May, 2008	June, 2008
Commercial Production	July, 2008	

USE OF PROCEEDS OF THE ISSUE

The item-wise details of the utilization of the proceeds of this Issue are given below:

LAND

A sum of Rs. 17.50 lacs has been spent towards acquisition of Lease hold Land. The company requires an area of 19,254 Sq Mtr for its expansion. The Company has entered into a lease agreement dated 20/04/2007, details of which are as under:

(Rs. in Lacs)

Description of the land	Name of the lessor	Period	Area	Cost (including registration charges)
Plot No. 215, Pithampur Sector I., Dist. Dhar M.P.	M.P. Audyogik Kendra Vikas Nigam (Indore) Ltd., Indore	30 years	8120 Sq.Mts.	17.50

The present expansion of upto 9000 MTPA has been carried out at the existing site of the Company. The land acquired is free from all encumbrances and has a clear title.

FACTORY BUILDING

The Company proposes to construct 19,254 Sq Mtr of new factory building for the proposed expansion project. The company has allocated Rs. 544.51 lacs to be spent on the development of factory building. The company has already spent Rs. 326.90 lacs. The detailed breakup of the balance amount of Rs. 217.61 lacs, to be spent as per the quotation received from J.K. Sharma, Chartered Engineer & Architects dated 01/04/2007 is as follows:

Sr. No.	Particulars of Building Work	Unit	Area/ Capacity	Rate (Rs.)	Amount (Rs. In Lacs)
1.	Construction of Boundary Wall with R.C.C. frame structure 3.0 m height	Sq. M.	1302	680	8.85
2.	Construction of Fetting Shed with C.C. Sheet supported on Truss and Purlin clear height 12.0M	Sq. M.	2790	4100	114.39

Sr. No.	Particulars of Building Work	Unit	Area/ Capacity	Rate (Rs.)	Amount (Rs. In Lacs)
3.	Cupola Civil Work				5.50
4.	Furnace Charging Platform. Material Shed	Sq. M.	288	2500	7.20
5.	Civil work of Weigh Bridge (Nos. 1)	L.S			2.90
6	Machine Foundation	LS			8.00
7	Civil Work for Pouring Track & Modification of HPML Track	R.M.	140	1800	2.52
8.	Material Handling work	LS			13.00
9.	Core Shop mesanine slab	Sq. M.	460	2000	9.20
10.	Construction of WBM Road	Sq. M.	3200	210	6.72
11.	Temple construction with R.C.C. Frame Structure including finish	Sq. M.	75	5000	3.75
12.	Construction of parking space	Sq. M.	324	500	8.10
13.	Construction of storm water drain with cover	R.M.	430	750	3.23
14.	Construction of Office, Change Room, Toilet Block's, Stores with R.C.C. Slab 4.0 M height	Sq. M.	390	3800	14.82
15.	Miscellaneous				9.43
	Total				217.61

PLANT & MACHINERY

The total value of the Plant and Machinery which includes, the cost of erection, excise duty and other charges and other equipments to be purchased for the expansion project is Rs 3066.48 lacs. Out of the total cost of machinery an amount of Rs. 1551.35 lacs has already been procured by the Company. Broad details of the cost of plant & machinery which the Company plans to acquire are mentioned herein under:

Description	Supplier	Qty	Amount (Rs. In lacs)	Date of quotation
	Imported			
Cold Box M/C	Fritz Hansberg - Italy	3.00	349.44	27/02/2007
	Indigenous			
Compressor 700 Cfm	Atlas Capco	1.00	15.20	03/07/2007
Laddle 1 Mt	Bhide & Sons P. Ltd.	3.00	2.70	04/07/2007
Treatment Laddle - 1.5mt / 2 Mt		4.00	4.80	
Utm M/C Conversion To Computerized	Cannon Ind.	1.00	2.75	09/03/2007
Core Oven	Dhanprakash Ind. Corp.	1.00	7.70	P.O Dated 31/07/2007
Air Impulse Moulding Machine (Vibratory Feeder)	Electro Magnetic Industries	1.00	3.25	08/03/2007
Mould Plant (Obms For Loose Metal)		3.00	12.75	08/03/2007
Vibratory Charger		4.00	21.00	07/04/2007
Bundling M/C	Sonu Industries	1.00	6.11	03/04/2007



Description	Supplier	Qty	Amount (Rs. In lacs)	Date of quotaion
Pallet Truck - 3 Mt	Reliable Terrestrials	10.00	2.98	18/5/2007
Hydraulic Four Channel Goods Lift Table		1.00	7.71	30/6/2007
Induction Furnace 3 Mt	Inductotherm (India) Pvt. Ltd.	1.00	85.50	03/07/2007
Brinell Hardeness Tester - Optical	Daksh Quality Systems	3.00	2.36	26/02/2007
Metrological Microscope		1.00	1.85	14/02/2007
Metrological Microscope		1.00	1.98	14/02/2007
EOT Crane - 5 Mt	M. D. Engineering	2.00	29.90	06/07/2007
Tractor	Rahul Tractors & Fertilizers Pvt Ltd	2.00	10.90	03/07/2007
Trollies	Maruti Loha Udhyog	10.00	12.50	03/06/2007
Engineering Services - Rhino	Rhino Machines Pvt. Ltd.	1.00	11.50	01/08/2006
Sand Plant	Rhino Machines Pvt. Ltd.	1.00	67.53	14/12/2006
Generator	The Industrial Stores Co.	1.00	11.85	02/6/2007
Cupola Bricks	Trishul Trading Co,	12,000	3.00	26/03/2007
Electrical Combi Hammer Model Pph 30 X 2e	Universal Engineers	6.00	1.73	28/06/2007
Pattern Storage System	Space magnum Equipments	1.00	67.90	01/05/2007
Pattern Equipment & Core Boxes	Acme Tools	1.00	550.00	29/04/2007
Natural Gas Filtration and Pressure Regulating Unit	Nirmal Industrial Controls Pvt Ltd.	1.00	5.81	30/04/2007
Other Supporting Equipments			7.76	
In-house Fabrication *				
Core Box Storage Sys		1.00	6.00	
Core Transfer Sys		1.00	8.00	
Sand / Resin / Silicate / Co2 Transfer		1.00	9.07	
Core Storage Sys		1.00	15.00	
Store Storage		1.00	20.00	
Total			1366.53	
<u>Other Charges:</u> Freight, CST, Insurance, Handling charges, Excise Duty			148.60	
Grand Total			1515.13	

* No quotations have been received for the in-house fabrications to be carried on by the Company. The same are based on the estimates of the Company.

MISCELLANEOUS FIXED ASSETS

The Miscellaneous Fixed Assets to be procured by the Company includes pollution control equipment, electricals etc. the details of which are as given below:

1. Pollution Control Equipments

PACL proposes to procure Pollution Control Equipments amounting to Rs. 131.03 lacs of which the Company has already acquired equipments amounting to Rs. 24.65 lacs, The Company is yet to place order for the remaining equipments which are as detailed below:

Description	Supplier	Quantity	Amount (Rs. lacs)	Date of Quotation
Effluent Treatment Plant	Bharat Aqua Tech	1.00	6.21	1247,1248.1112 dated 13/11/2006
Dust Collection Motors	Kirti Enterprise	8.00	1.63	28/03/2007, 31/03/2007
Dust Collection Fabrication	In house fabrication	1.00	5.00	Estimated Cost
Effluent Treatment Plant (Mechanical Parts)	Srishti Tradelinks Pvt. Ltd.	1.00	19.50	4/17/2007
Others (Mechanical)	Various Suppliers	1.00	40.27	
Total Cost			72.61	
<u>Other Charges:</u> Freight, CST, Insurance, Handling charges, Excise Duty			33.77	
Grand Total			106.38	

2. Electricals

An amount of Rs. 145.21 lacs shall be spent on purchasing various electrical appliances of which the Company has already spent Rs. 112.64 lacs on the same. The Company is yet to procure remaining electricals, which are as detailed below:

Description	Supplier	Qty	Amount(Rs. lacs)
Induction Furnace Auxiliaries	Various Suppliers	1.00	29.37
<u>Other Charges:</u> Freight, CST, Insurance, Handling charges, Excise Duty			3.20
Grand Total			32.57

3. Tooling advance for machining of the components is proposed to be given to M/s Porwal Diesels Pvt. Ltd., a group company of PACL which is engaged in Automobile Components machining work and whose client list includes companies like Eicher Motors Limited, SPM Auto and others. Presently also PACL gets its work of Automobile Components Machining work done through Porwal Diesels Pvt. Ltd. PACL would provide an interest free advance of Rs. 200 lacs for acquisition of Plant and Machineries for doing Machining work for PACL The amount so given will be adjusted against supply over a period of 5 years.

4. Others

PACL requires various other equipments like office furniture, office equipments, computer and other miscellaneous equipments amounting to Rs. 72.28 lacs. The company has already purchased equipments worth Rs. 58.55 lacs . Details of other equipments to be acquired are as follows:

Description	Supplier	Qty	Amount (Rs. lacs)	Date of Quotation
Production Office/Pattern Shop Office	Alumina Products	1	12.00	10/07/2007
Training Hall Chairs	ShriNaresh Mechanical Works	4	0.48	11/06/2007
Total			12.48	
<u>Other Charges:</u> Freight, CST, Insurance, Handling charges, Excise Duty			1.25	
Grand Total			13.73	



WIND MILLS

The company requires a power supply to the extent of 3.3 MW. PACL plans to set up Wind Mill having a Power Generation Capacity 1.5MW at Palsodi in Madhya Pradesh at a cost of Rs 990 lacs.

The Company has received a quotation from Suzlon Energy Limited for the entire contract of setting up a wind mill for a total cost of Rs. 990 lacs. The bifurcations of the cost, as given by Suzlon Energy Limited vide their quotation dated 25th April 2007 is as follows:

Sr. No.	Particulars	Total Cost (Rs. In lacs)
1.	Land charges	17.00
2.	WTG – Tower	135.20
	Plant & Machinery	679.98
3.	Development charges (Civil, Electrical, Erection, Testing and Commissioning Charges)	97.82
4.	Power Evacuation Charges	45.00
5.	Other Incidental Charges	15.00
	Total	990.00

CONTINGENCIES

The Company has earmarked contingency @ 5% of the cost of Building, Plant and Machinery, Wind Mill and Miscellaneous fixed assets, to be incurred after Financial year 2006-07 i.e Rs. 157.93 lacs.

PRE-OPERATIVE EXPENSES

A sum of Rs. 206.57 lacs has already been incurred towards pre operative expenses which include expenses towards Wages & Remuneration, interest cost, fuel charges and other charges incurred in the expansion project.

PUBLIC ISSUE EXPENSES

The break-up of issue expenses is as under:

Activity	Estimated Expense(Rs. in lacs)
Fees to intermediaries	[.]
Advertising and marketing expenses	[.]
Printing and Stationary & Distribution	[.]
Others	[.]
Total	[.]

MARGIN MONEY FOR WORKING CAPITAL REQUIREMENT

The detailed calculation of the margin money for working capital requirement which is to be funded through the proceeds of the issue is as under:

Particulars	Estimates as on 31/03/2008 (Rs. in Lacs)
Raw Materials	198.00
Stock in Process	91.00
Finished Goods	69.00
Receivables	462.00
Consumables	50.00
Other Current Assets	85.00
Total Current Assets (A)	955.00
Creditors	46.00
Other Current Liabilities	30.00
Total Current Liabilities (B)	76.00
Working Capital Gap (A-B)	879.00
Financed by:	
Bank Loan (Proposed)	375.00
Internal Accrual	[.]
Public Issue	[.]

The company has under taken major expansion plan and with this the capacity of the plant will increase from 6600 M.T. p.a. to 27600 M.T. per year. The company would be requiring working capital to run the plant. The Company is enjoying fund based working capital limit from State Bank of India of Rs. 275 lacs. The Company proposes to enhance this limit to Rs. 375 lacs for the Year 2007-08. The additional margin money of Rs. 354 lacs (i.e Rs. 504 lacs -Rs.150 lacs already invested in the running business) will be met out of the proceeds of the Public Issue and its internal accruals.

BASIS OF ESTIMATION OF WORKING CAPITAL REQUIREMENT

Particulars	No. of Days
(A) Current Assets	
Raw Materials	30
Stock in Process	10
Receivables	30
Consumables	30
Finished Goods	7
(B) Current Liabilities	
Creditors	7

SOURCES AND DEPLOYMENT OF FUNDS

PACL has received the Sources and Deployment Funds Certificate dated 28/11/2007, from ASSG & Associates Chartered Accountants. The certificate states that the Company has till date 15th November 2007, deployed amount aggregating Rs. 2472.03 lacs.

Details of the sources and deployment of funds as per the certificate are as follows:

DEPLOYMENT OF FUNDS

Particulars	Amount(Rs. in Lacs)
Land	17.50
Building and Foundation	387.37
Electrical Installation	116.97
Plant and machinery	1782.63
Pollution Control Equipment	24.65
Public Issue Expense	50.59
Miscellaneous Fixed Assets such as Auxiliary, Office Equipment Etc.	74.56
Deposits	17.76
TOTAL	2472.03

SOURCES OF FUNDS

Particulars	Amount(Rs. in Lacs)
Share Capital	800.00
Internal Accruals	222.03
Term loan from banks	1200.00
Unsecured loans	250.00
TOTAL	2472.03

**Year wise break up of funds to be used****(Rs. in lacs)**

Particulars	Amount spent during the year 2005-06	Amount spent during the year 2006-07	Amount to be spent during the year 2007-08	Amount to be spent during the year 2008-09	Total
Land	-	-	17.50	-	17.50
Factory Building	242.50	94.01	208.00	-	544.51
Plant & Machinery	812.01	672.04	1382.43	200.00	3066.48
Miscellaneous fixed assets	118.54	51.91	328.07	50.00	548.52
Wind Mills	-	-	990.00	-	990.00
Contingency Provision	-	-	157.93	-	157.93
Pre operative exp.		206.57	-	-	206.57
Issue Expenses	16.39	6.29	[.]	-	[.]
Working Capital	-	-	[.]	-	[.]
TOTAL	1189.44	1030.82	[.]	250.00	[.]

INTERIM USE OF PROCEEDS

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received through the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by our Board of Directors from time to time.

MONITORING OF UTILIZATION OF FUNDS

PACL will disclose the utilization of the proceeds of the Issue under a separate head in their financial statements clearly specifying the purposes for which such proceeds have been utilized. The Company will also, in their financial statements, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. No part of the proceeds of this Issue will be paid by PACL as consideration to their Promoters, their Directors, key management employees or companies promoted by their Promoters, save and except in the course of normal business.

BASIC TERMS OF THE ISSUE

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

BASIS OF ISSUE PRICE

QUALITATIVE FACTORS

- Located in the vicinity of major Auto Units like Eicher Motors Limited, Force Motors Limited, Man Force Pvt. Ltd., Avtec Motors, L & T Case Equipment.
- Promoters Mr. Surendra Jain and Mr. Devendra Jain are engineers by qualification and have over 28 years of experience in the Auto component industry.
- Post Expansion, the company would achieve high degree of automation, which would make the processes more efficient and increased capacities would facilitate economies of scale.

QUANTITATIVE FACTORS

Information presented in this section is derived from the restated and audited financial statements.

i) Earnings per Share (Face Value Rs. 10/- per share)

Year	EPS (Rs.)	Weight
31/03/2005	4.43	1
31/03/2006	0.81	2
31/03/2007	0.74	3
Weighted Average	1.38	

ii) Price/Earning Ratio (P/E)* in relation to Issue Price of Rs. [.]

P/E based on pre-issue weighted average EPS of Rs. 1.38	*[,]
P/E based on pre-issue EPS of FY 2006-07 of Rs. 0.74	*[,]

* would be calculated after discovery of the Issue Price through Book-building

iii) Return of Net worth (RONW)

Year	RONW (%)	Weight
2004-05	38.33	1
2005-06	7.70	2
2006-07	6.64	3
Weighted Average RONW	12.28	

iv) Minimum return on total net worth after this Issue required to maintain pre-Issue diluted EPS of FY 2007 of Rs. 0.74 is [.]%.

v) Net Asset Value (NAV) per share, post-Issue and comparison with the Issue Price

Pre-Issue as on March 31, 2007 (Rs.)/Per Share	11.23
Post Issue (Rs.)	[,]



vi) **Comparison with Industry Peers / Industry Average**

(Rs. in Cr.)

Company	Book Value (Rs.)	Net Sales (Rs. in cr.)	Net Profit (Rs. in cr.)	EPS (Rs.)	P/E Multiple based on the price as on 28/11/2007
EL Forge Limited	48.80	23.70	1.69	7.10	8.19
Shree Ganesh Forgings Limited	24.90	24.57	2.30	4.30	26.52
Steelcast Limited	76.10	25.91	1.87	25.80	7.46
Magna Electro Castings Ltd.	37.90	15.15	1.19	11.50	7.41
Investment & Precision Castings Ltd.	76.10	18.43	1.74	16.60	7.83
Nelcast Limited		77.06	6.23	13.30	10.52
<i>Source: Capital market: Nov 19 –Dec 02, 2007; Segment – Castings & Forgings</i>					
Porwal Auto Components Ltd.	11.23	33.97	0.75	0.74	*

* since the shares of PACL are presently not traded, the P/E ratio is not ascertainable.

Industry P/E Ratio

Name of the company	P/E Multiple
Highest (BCL Forge)	120.20
Lowest (Micro Forge)	3.40

Source: Capital market: Nov 19 –Dec 02, 2007; Segment – Castings & Forgings

The face value of Equity Shares of our Company is Rs. 10/- and the Issue Price is [●] times of the face value. The Issue Price of Rs. [●] has been determined by our 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.

STATEMENT OF TAX BENEFITS

TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS

To
The Board of Directors
Porwal Auto Components Ltd.,
Indore.

Dear Sirs,

We the auditors of M/s Porwal Auto Components Ltd. hereby confirm that the attached Annexure details the generally available tax benefits to the Company and its shareholders under the Income Tax Act, 1961, subject to the fact that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.

Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for the professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

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

For ASSG & Associates
Chartered Accountants

Indore
Date: 28.11.2007

Sd/-
Sanjay Gupta
Partner
(M.No. 72073)



ANNEXURE TO THE STATEMENT OF TAX BENEFITS

Statement of General tax benefits available to M/s. Porwal Auto Components Ltd. and its shareholders

As per the existing provisions of the income tax act, 1961 (the act) and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to **M/s. Porwal Auto Components Ltd.** and its shareholders.

A. To the Company under Direct Tax Laws.

1. As per the provisions of section 10(34) of the IT Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax.
2. As per the provisions of section 24(a) of the IT Act, Company is eligible for deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out) while computing income from House Property.
3. As per the provisions of section 24(b), where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing Income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.
4. Under section 115 JAA (2A) of the I.T. Act tax credit shall be allowed in respect of any tax paid under section 115JB (MAT) of the Act for any Assessment Year commencing on or after 1st April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall be available for set-off upto 7 years immediately succeeding the year in which the MAT credit initially arose.
5. As per the provisions of section 32 of the IT Act, company is eligible for claiming depreciation on its tangible and intangible assets as prescribed rates. Further company is entitled to 20% additional depreciation on new plant & machinery acquired and install after 31st March, 2005. Subject to condition specified therein.
6. The Company is entitled to claim expenditure incurred, subject to compliance of the certain conditions laid down in section 35(1)(iv) of the Act, in respect of any capital expenditure incurred other than the incurred on the acquisition of any land, on scientific research related to the business of the company.
7. As per the provisions of section 112(1)(b) of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess).
8. As per the provisions of the Section 10(38), long term capital gain arising from the sale of equity shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from income tax if such sale is subject to Securities Transaction Tax.
9. As per the provisions of section 111A, short term capital gains arising from the transfer of equity shares in any company through a recognized stock exchange or from the sale of units of equity oriented mutual fund shall be subject to tax at 10% provided such a transaction is subject to securities transaction tax.
10. In accordance with and subject to the conditions and to the extent specified in section 54 EC of the Act, the company would be entitled to exemption from tax on gains arising from transfer of the long term capital assets (not covered by section 10(36) & section 10(38)) if such capital gain is invested in any of the long term specified assets is transferred or converted in to money at any time within a period of 3 years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.
11. Under section 35D of the Act the company will be entitled to a deduction equal to 1/5th of the expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive year, beginning with the previous year in which the new unit commence production subject to the stipulated limits.
12. The Company can carry forward and set-off the unabsorbed depreciation allowance, if any, against its income of the future years. The Company is also entitled to carry forward and set-off its unabsorbed business losses for a period upto eight subsequent years for set-off against its business income

B) Benefits available to Resident Shareholders under the Income Tax Act, 1961

1. Under sec 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the company on or after April 1, 2004 is completely exempt from tax in the hands of the shareholders of the company.
2. As per the provisions of Section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity – oriented mutual fund shall be exempt from Income Tax if such sale is subject to securities transaction tax.
3. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains (if shares are held for a period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
4. As per the provisions of Section 112(1)(B) of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharges and educational cess). However, as per the provisions to sec 112(1)(B), the long term capital gains resulting on transfer of listed securities or units (not covered by sec. 10(36) & 10(38)) would be subject to tax at the rate of 20% with indexation benefits and 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee)
5. As per the provision of section 111 A Short term gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax at 10% from Income Tax if such transaction is is subject to Securities Transaction Tax.
6. As per the provisions of Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the IT Act) would be exempt from tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of such transfer in the bonds issued by:
 - a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place.

The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the Income under Section 80C for any assessment year beginning on or after 1 April, 2006.

7. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholders would be entitled to exemption from long term capital gains on the sale of shares in the company (not covered by sections 10(36) and 10(38)), upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long term capital gains in the year in which such residential house is transferred.
8. As per the provision of section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions, However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

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

1. Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the company on or after April 1, 2004 is completely exempt from tax in the hands of the shareholders of the company.



2. In the case of share holders being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in section 115D read with section 115E of the act, long term capital gains arising from the transfer of an Indian company shares (not covered by sec 10(36) & 10(38)) will be subject to tax at the rate of 10% as increased by a surcharge and education cess at the appropriate rate on the tax so computed without any indexation benefit with protection against foreign exchange fluctuation.
3. In case of a share holder being a non-resident India, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in sec 115 F of the act, the non-resident Indian share holder would be entitled to exemption from long term capital gains (not covered by Section 10(36) & 10(38)) on the transfer of shares in the company upon investment of net consideration in modes as specified in sub section 1 of section 115F.
4. In accordance with provisions of act section 115G of the act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investment or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII of the act.
5. In accordance with the provisions of section 115H of the act, when the non-resident Indian become 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 provision of chapter XII A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
6. As per the provisions of 115I of the act, a non-resident Indian may elect not to be governed by the provisions of the chapter XII A for any assessment year by furnishing return of income for the year under sec 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 the assessment year will be computed in accordance with other provisions of the act.
7. In accordance with and subject to the conditions and to the extent specified in section 112(1)(B) of the act, tax on long term capital gains arising on sale on listed securities or units not covered by sec 10(36) & 10(38) will be, at the option of the concern share holder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
8. As per the provisions of 10(38), long term capital gains arising from the sale of equity shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from income tax if such sale is subject to securities transaction tax.
9. As per the provisions of section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity – oriented mutual fund shall be subject to tax @10% provided such transaction is subject to Securities Transaction Tax.
10. As per the provisions of section 88E, where the business income of a assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
11. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10(36) and 10(38)) arising on transfer of their shares in the Company if such capital gains is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted would become chargeable to tax as long term capital gains in the year in which the specified assets is transferred or converted into money.
12. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholder would be entitled to exemption from long term capital gain (not covered by sections 10(36) and 10(38)) in the sale of shares in the company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed in a residential house. If part of net consideration is invested with the prescribed in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the

investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.

13. As per first proviso to section 48 of the I.T. Act, in case of a non resident shareholder, in computing capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per Exchange Control Regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which original investment was made. Cost Indexation benefit will not be available in such a case. The capital gain/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was utilized in the purchase of shares.
14. As per the provisions of Section 90(2) of the Act, the provisions of the act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident.

Benefits available to other Non-residents

Under Section 10(34) of the Act, dividend (whether interim or final) declared, distributed or paid by the company on or after treaty to the extent they are more beneficial to the Non-Resident.

1. In accordance with the and subject to the conditions and to the extent specified in Section 112(1)(b) of the Act, tax on long term capital gains arising on sale on listed securities or units before 1st October 2004 will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.
2. As per the provisions of Section 10(38) long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale is subject to securities transaction act.
3. As per provisions of section 111 A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to tax @10% provided such transaction is subject to Securities Transaction Tax.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of Income Tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the company (not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified assets is transferred or converted into money.
6. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the act, the shareholders would be entitled to exemption from long term capital gains (not covered by section 10(36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
7. In case of shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in section 54F of the Act, the shareholder would be entitled to exemption from long term capital gain (not covered by section 10(36) and 10(38)) on the sale of shares in the company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
8. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non Residential.



E) Benefits available to Foreign Institutional Investors ('FII')

1. In case of a share holder being a Foreign Institution Investor (FII), in accordance with and subject to the condition and to the extent in Section 115AD of the Act, tax on long term capital gain (not covered by section 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However, short term capital gains on sale of Equity Shares of a company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to securities transactions tax shall be taxed @10% as per the provisions of section 111A. It is to be noted that the benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act or not available to FII.
2. As per the provision of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.
3. As per the provision of section 10(38) long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale is subject to securities transaction tax.
4. As per the provision of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the securities transaction tax paid on such transaction. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in / section 54EC of the act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by section 10(36) and 10(38)) arising on transfer of their shares in the company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets is transferred or converted into money.
6. In accordance with and subject to the conditions and to the extent specified in section 54ED of the Act, the shareholders would be entitled to exemption from long term capital gain tax (not covered by section 10(36) and 10(38)) on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.

F) Benefits available to Mutual Funds

1. In case of a shareholder being Mutual Fund, as per the provisions of section 10(23D) of the act, any income of Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under Mutual Funds set up by public sector banks financial institution and Mutual fund authorized by the Reserve Bank of India would be exempt from income tax, subject to conditions as the Central Government may by notification in the official Gazette specify in this behalf.

G) Benefits available to Venture capital companies / Funds

1. In case of a shareholder being a Venture capital company / fund as per the provisions of section 10(23FB) of the act, any income of venture capital companies/funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

H) Under the Wealth Tax Act, 1957

1. Shares held in a company will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957; hence Wealth Tax will not be applicable.

I) Under the Gift Tax Act, 1958

1. Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Note:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2007.
2. All the above benefits will be available only to sole / first named holder in case the shares are held by joint holders.

3. In respect of non-resident, 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 the non-resident has fiscal domicile.
 4. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders 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 tax laws.
 5. 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, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
- J)** There is no special tax benefit available to the company.

However, a shareholder is advised to consider in his / her / its own case. The tax implications of investment in the Equity Shares, particularly in view the fact that certain recently enacted legislation may not have direct legal precedent or may have different interpretation on the benefits, which an investor can avail.



SECTION IV- ABOUT US

INDUSTRY OVERVIEW

(Sources: The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries and has not been prepared or independently verified by the Issuer or the Lead Manager. The information provided is based on present business activity of the issuer company.)

Introduction

Overview of Foundry Industry

The Indian Foundry Industry occupies a special place in shaping the country's economy. India is currently among the 5th largest producers of ferrous and non-ferrous castings and has over 6500 foundries in the small, medium, and large-scale sectors. Approximately 80% are in the small scale. India exports annually above Rs. 3000 Crores worth of castings to countries like USA, U.K., Canada, and Germany etc.

The Basic technologies have undergone change with emphasis more on environmental consciousness. Technologies have now to conform to more and more stringent environmental norms. The foundry population in the US and Europe has declined over the last 20 years largely due to the cost of legislative compliance. This has given the Indian producers a good opportunity for export market. But then a reemergence in the developed world would be with cleaner technology. A study conducted by EXIM bank has shown that in the last 10 years the exports of castings from India have increased seven-fold.

(Source : www.tifac.org.in/offer/tlbo)

The Indian Foundry Industry is modernizing and expanding its capacities. In the year 2004-05 it clocked production of 4.623 million Tons of Gray Iron, Ductile Iron, Steel and Non-ferrous Castings with a turnover of Rs. 20,000 crores. In the year 2005-06 the production has crossed 5 million Tons and the turnover has crossed Rs. 24,000 crores.

The export of castings from India has climbed from Rs. 875 crores during the year 1999-2000 to Rs. 2625 crores in the year 2004-05 and more than Rs. 3200 crores. There is increased demand for industrial castings, automobile castings and components and sanitary castings from MNC's all over the world who have established sourcing offices and International Purchasing Offices (IPO's) in the country, which is ample testimony to the quality of the Indian Castings. Over 600 foundries in the country have acquired quality certifications of ISO 9001. Some of them have even got QS 9000 and TS 16949 certifications. A foundry in the south has got the prestigious Deming Award. There is now feverish activity in the foundries to achieve quality certifications. At least 1000 foundries are expected to acquire quality accreditation in the next couple of years.

The contribution of the Indian Foundry Industry in the indigenisation effort of the major engineering industries in the country has been commendable. Significantly, the automobile industry, which started growing by geometric proportion from the 1980's has been the greatest beneficiary. Over the last decade, and especially in the last five years, with the encouraging investments made by the automobile MNC's and other engineering industries, there has been a qualitative change in the requirements of the castings. This has resulted in exacting specifications on the output of foundries in terms of quality, production schedules and metallurgical integrity. At the same time, there has been constant pressure from customers of the foundries to reduce the costs, despite the volatility of Raw Material prices. Foundries have been coping with this demanding scenario for the last couple of years and are trying to find new ways to combat the situation. One of the major outcome of this scenario has been the graduation of Medium and Large scale foundries to manufacture machined castings to ensure value addition and simultaneously cushion them on the price front. This strategy has specifically benefited foundries that have a sustained record of exports.

To meet the exacting demand of its global and domestic clientele, the Indian Foundry Industry has come a long way and taken bold decision and modernized the infrastructure facilities in terms of melting, moulding, tool development, quality systems, core making etc. Some of the major steps taken are listed below.

- Transition from Coke fired / Gas fired Cupola to duplexing /Induction Melting, leading to improved metallurgy and environment.
- From Jolt squeeze process to High Pressure molding for better dimensional control and higher productivity.
- Pattern and Die development with CAD / CAM processes.
- Sustained efforts towards yield and productivity improvements.
- Increased awareness on Quality Systems and exposure to global manufacturing practices, acquisition of TS / QS certifications.

- Automation undertaken to eliminate hazardous operations.
- Core making towards Hot Box, Cold Box and Shell.
- Commitment to pollution control ISO 14000.

The growth of the foundry industry has been amply supported by the corresponding growth of the industry supplying vital inputs. India is endowed with vast natural resources like iron ore, manganese ore, coal, lime stone, etc. which are vital for making foundry inputs like pig iron. Pig Iron manufacturers have been continuously expanding their capabilities to meet the increasing demand from the foundries. The refractory industry in India is well placed in terms of technology and capacity to meet the increased demands. The explosion in capacity in the petrochemical sector has resulted in increased production of petrofractions, vital to the growth of foundry chemical industry. India has world-class technology for production of binders for modern core making methods. India is also fortunate to have some of the best deposits of Bentonite essential for green sand moulding.

With the growth of the foundry industry, simultaneous expansion has taken place in the foundry equipment sector. Modern electrical furnaces with high melting efficiency are made in the country. Likewise, modern core making machines like the cold box machines have been successfully manufactured and supplied to the various foundries in the country. Some of the bigger foundries have gone in for high-pressure molding, which are currently being supplied with imported design.

The foundry chemical sector and the foundry equipment sector have been exporting their products for quite some time, which is ample testimony for their quality. Thus advances in this two supporting sectors have enabled a smooth evolution in the foundry industry in technology and capacity.

With abundant resources in Bauxite, India has now become a major player in aluminum in the world. The present annual production of aluminum metal exceeds 800,000 MT. This has led to the mushrooming of many downstream industries including aluminum casting industry. Continuous supply of aluminum metal should not be difficult in future years to come, as primary producers have always planned production of metal only with captive power source.

India has always been strong in the machine tool industry since the early 50's. This has ensured the growth of the die and tool industry. Today India can boast of manufacture of almost all patterns and dies required by the foundry industry. Exceptions are imports of massive dies for high- pressure die casting machines exceeding 1100 tons capacity. (Source: Indian Foundry Journal – Souvenir 2006 54th Indian Foundry Congress, Pune)

Overview of Auto Component Industry

India is emerging as a global automobile giant. In recent years this industry has made pioneering efforts in adopting modern technology and allowing the entry of foreign players. This is well supported by the economic conditions particularly in the financial sector and in foreign direct investment. During the last decade, conscious efforts have been made to fine-tune state policy to enable the Indian automobile industry realize its potential to the fullest. The freeing of the industry from this restrictive environment has helped it to itself to global development. Increasing competition as result of liberalization has led to continuous modernization as well as international standards. Moreover, auto finance with aggressive marketing strategies has played a big role in boosting the automobile demand.

(Source: www.asiatradesh.com/india/manufacturingindustry.asp)

The Indian auto component industry is likely to almost double to US\$ 18.7 billion by 2009 and reach about US\$ 40 billion by 2014. Its globally competitive auto component manufacturing sector has been much in demand with global auto majors. A number of them source critical components from India, with engine parts making up nearly one third of all exports:

- Engine parts (31 per cent)
- Drive transmission and steering parts (19 per cent)
- Body and chassis (12 per cent)
- Suspension and braking parts (12 per cent)
- Equipment (10 per cent)
- Electrical parts (9 per cent)
- Others (7 per cent)

Source: www.ibef.org/industry/autocomponents.asp



SWOT Analysis of Indian Automobile Components Industry

Strengths	Weakness
<ul style="list-style-type: none"> o Globally Cost Competitive o Access to latest technology o Strict Quality Controls 	<ul style="list-style-type: none"> o Low Level of research and development Capability o Exposed to critical downturns in the automotive industry o Most Component Companies are dependent on global majors for technology
Opportunities	Threats
<ul style="list-style-type: none"> o May Serve as sourcing hub for global automobile majors o Significant export opportunities may be realized through diversification of export basket o Implementation of VAT will help to the cascading impact of prices 	<ul style="list-style-type: none"> o Presence of a large counterfeit components market poses a significant threat o Pressure on prices from Original Equipment Manufacturers (OEMs) continues o Imports pose price based competition in the replacement market o Further marginalization of small players likely

Source: www.fadaweb.com/autocomponentsindustry.htm

Industry Outlook

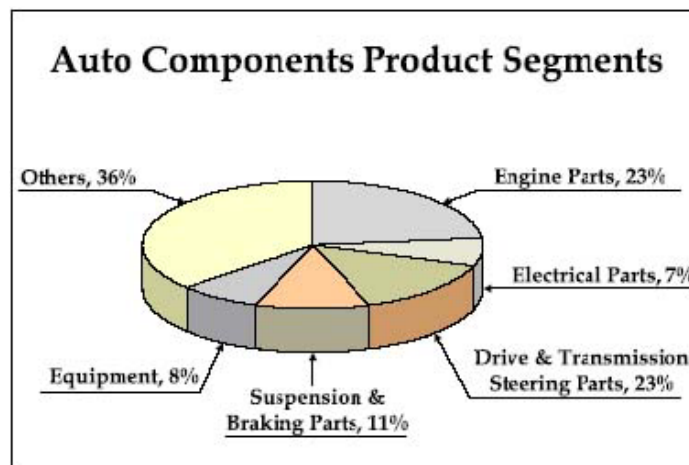
The Indian automotive components industry is rapidly transforming itself from a low-volume, fragmented sector, into a highly competitive sector characterized by world-class technology, large and assured volumes, and adherence to strict delivery schedules as specified by global vehicle manufacturers.

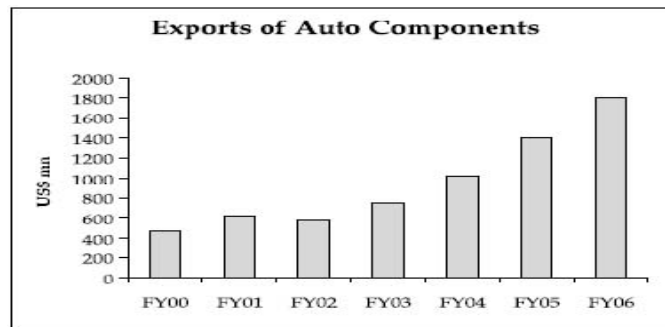
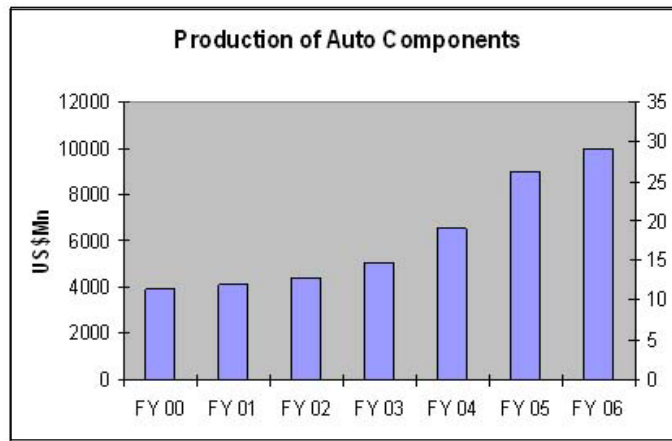
The value in sourcing auto components from India includes low labour cost, raw material availability, technically skilled manpower and quality assurance. An average cost reduction of nearly 25-30% has attracted several global automobile manufacturers to set base since 1991.

The Indian automotive components industry has braced itself up to meet this structural transformation. In particular, most Indian companies have entered into technological collaborations and equity partnerships with world leaders in automotive components. Besides, subsidiaries of global vehicle manufacturers like GM motors have set up manufacturing facilities in India. This, in turn, is expected to enable the Indian automotive industry measure up to strict quality standards and imbibe the latest technology. Additionally, these companies would also need to make higher investments to improve their R and D capabilities. **Source:** www.fadaweb.com/autocomponentindustry.htm

As per the estimates of the Auto Components Manufacturers' Association of India (ACMA), the Indian auto component industry clocked a turnover of over US \$79 billion in FY06 with exports contributing over US \$1 billion to it. There are around 5000 players in the unorganized sector (23%), contributing primarily to replacement market and around 400 players in the organized sector (77%) contributing to original Equipment Manufacturers, exports and replacement markets.

Source: www.dnb.co.in/smes/overview.asp





Industry Growth

Production of auto ancillaries has been growing at a robust 20% per annum since 2000. Exports of auto components have been strong growing at 24% per annum since 2000. This growth in exports if sustained for another five years will see India's auto components exports will touch US\$ 5 bn by 2011 from the US\$ 2 bn at present.

ACMA estimates that the industry will grow five fold to US \$35 billion over the next ten years. This rapid growth is driven by two favorable factors. First, the Indian automobile industry is growing rapidly. The rapid growth of domestic auto sales is driven both by the increasing consumerism and the development of the highway infrastructure. The second favorable factor is the rapid growth of exports. With the global auto sector looking to reduce costs, there is a large move towards moving the manufacture of components to the developing world. **Source:** www.dnb.co.in/smes/overview.asp

Production

One of the largest industries in India, automotive industry has been witnessing impressive growth during the last two decades. Abolition of licensing in 1991, permitting automatic approval and successive liberalization of the sector over the years have led to overall development of the automobile industry. The freeing of the industry from restrictive environment, on the one hand, helped it to restructure, absorb new technologies, align itself to global developments and realize its potential and on the other hand, this has significantly increased industry's contribution to overall industrial growth in the country. The automobile industry witnessed a growth of 19.35 percent in April- July 2006 when compared to April- July 2005.

Automobile Production Trends

Category	2005-06	2006-07 (In Nos)
Passenger Cars	1046133	1238032
Utility Vehicles	196506	222111
MPVs	66661	84707
Total Passenger Vehicles	1309300	1544850
M&HCVs	219295	294266
LCVs	171788	225734



(In Nos)

Category	2005-06	2006-07
Total Commercial Vehicles	391083	520000
Three Wheelers	434423	556124
Scooters	1021013	943974
Motorcycles	6207690	7112225
Mopeds	379994	379987
Electric Two Wheelers	N/A	7982
Total Two Wheelers	7608697	8444168

Source: www.indiainbusiness.nic.in

Domestic Sales

The cumulative growth of the Passenger Vehicles segment during April-May 2007 was 11.61 per cent. Passenger cars grew by 10.84 percent, Utility Vehicles (UVs) by 12.20 per cent and Multi Purpose Vehicles (MPVs) by 21.93 percent in April-May 2007 compared to the same period last year.

- ❖ In April-May 2007, the Commercial Vehicles (CVs) segment grew by 3.61 per cent over the same period in 2006. Light Commercial Vehicles recorded a growth of 18.80 per cent; however, Medium & Heavy Commercial Vehicles witnessed a fall by 6.14 percent.
- ❖ Three Wheelers sales fell by 5.32 percent with sales of both Goods Carriers decreasing by -8.99 percent and Passenger Carriers by 2.77 percent during the period.
- ❖ Two Wheeler market also registered a negative growth of 8.02 percent during April-May 2007 over April-May 2006. Though Scooters, Mopeds and Electric Two Wheelers grew by 17.78 percent, 25.53 percent and 101.54 percent respectively, motorcycles, which is the main segment in this category, registered a decline of 13.20 percent.

Automobile Domestic Sales Trend

(No. of Vehicles)

Category	2005-06	2006-07
Passenger Cars	882208	1076408
Utility Vehicles	194502	220199
MPVs	6636	83091
Total Passenger Vehicles	1143076	1379698
M&HCVs	207472	275600
LCVs	143569	192282
Total Commercial Vehicles	351041	467882
Three Wheelers	359920	403909
Scooters	909051	940673
Motorcycles	5810599	6553664
Mopeds	332741	355870
Electric Two Wheelers	N/A	7341
Total Two Wheelers	7052391	7857548

Source: www.indiainbusiness.nic.in

Exports

Automobile exports continued to register growth at 18.52 percent during April-May 2007 over the same period last year.

Commercial vehicles exports increased by 28.24 percent, Three wheelers exports grew by 45.17 per cent and two wheelers exports grew by 21.86 per cent. However, passenger vehicles exports registered a decline of 9.03 percent, with all its sub-segments registering negative growth.

Automobile Export Trends

(No. of Vehicles)

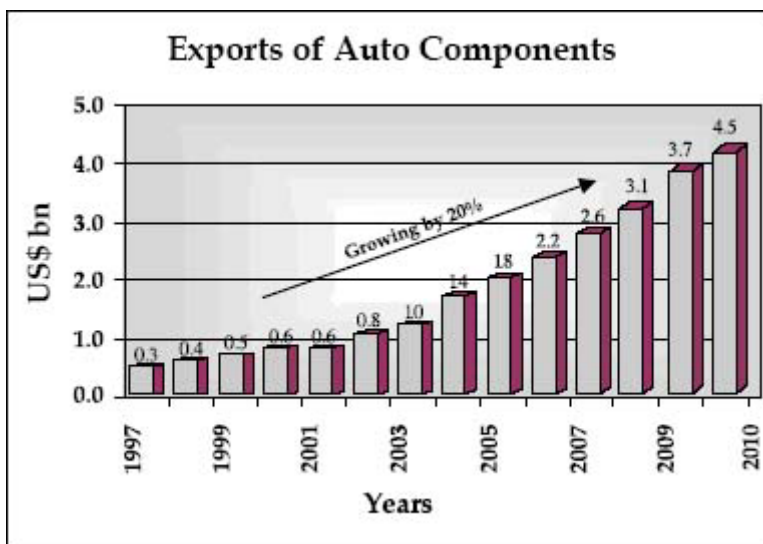
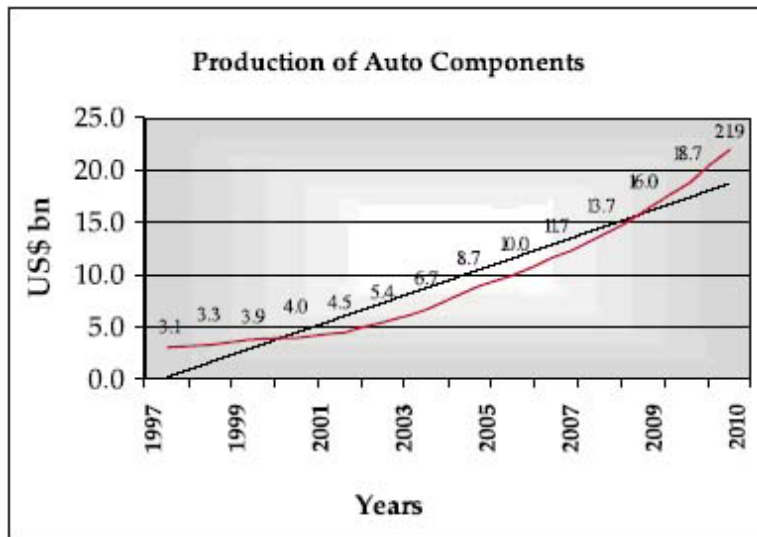
Category	2005-06	2006-07
Passenger Cars	169990	192745
Utility Vehicles	4489	4403
MPVs	1093	1330
Total Passenger Vehicles	175572	198478
M&HCVs	14078	18838

Category	2005-06	2006-07
LCVs	26522	30928
Total Commercial Vehicles	40600	49766
Three Wheelers	76881	143896
Scooters	83934	35685
Motorcycles	386054	545887
Mopeds	43181	37566
Total Two Wheelers	513169	619138

Source: www.indiabusiness.nic.in

Future Outlook

The Indian auto component industry is poised for robust growth till 2010. There is a perceptible exuberance in the industry and growth estimates indicate a booming industry. Going by current trends in production and exports of auto components, indicate a doubling of the domestic auto component industry by 2010. The production of auto components could grow to US\$22 bn by 2010. Similarly, India’s exports of auto components could grow to US\$4.5 bn as compared to US\$1.8 bn in 2005. Expected growth in production and exports of auto components is shown in the graphs below.



Source : www.dnb.co.in/smes/future



Investments

Global auto majors and domestic giants are pulling out their purses and putting their money where the production lines are.

- Auto parts maker Robert Bosch of Germany proposes to invest US\$ 201.4 million in its Indian subsidiaries over two years. Bulk of the investment will be in Motor Industries Co Ltd (Mico) — the Bosch flagship in India.
- Japanese electronic major, Hitachi Ltd, is planning to start auto component manufacturing in India when it is OEMs—Isuzu Motor and Nissan Motor—start manufacturing their cars in India.
- GKN Driveline, an arm of UK-based auto component company GKN, plans to open a new manufacturing facility in India.
- Dubai-based auto ancillary major Parts International Company has plans to invest approximately US\$ 3.6 million in India over three years. This includes setting up a manufacturing facility meant to service exports to CIS and SAARC countries.
- Fiat India is taking baby steps in becoming a global sourcing hub for components. Fiat has exported components worth US\$ 8.3 million last year to its operations in South Africa.
- General Motors has decided to increase sourcing of components from Indian suppliers and intends to ship parts worth US\$ 1 billion to its global production units by 2010. **Source** : www.ibef.org

Big players go High-tech

The auto components industry in India is dominated by around 500 key players, which contribute more than 85 per cent of India's production. Some of the largest, like Motherson Sumi, Sona Koyo Steering Systems, Rico Auto Industries, Bharat Forge, Amtek and Mahindra & Mahindra are scaling up from producing individual components to making assemblies and systems, as automobile makers seek to manage fewer vendors and trim costs.

The automotive industry is in the midst of a major structural transformation in today's globalize scenario. "System Supply" of integrated components and sub-systems is becoming the order of the day, with individual small components being supplied to the system integrators instead of the vehicle manufacturers. In this process, most of the SSI units manufacturing smaller individual components are on their way to become tier 2 and tier 3 suppliers, while the larger companies including most Multi-National Companies ["MNCs"] are being transformed into tier 1 companies, which purchase from tier 2 & 3, and sell to the auto manufacturers.

Indian auto sector needs to grow collaterally and in harmony with world industry. Concerted efforts will be required to take auto manufacturing to a self-sustaining level where they shall have volumes, generate requisite technology and meet evolving emission requirements.

Volume is important for any manufacturing enterprise. However, it is more important for automobile sector, both for the manufacture of vehicles as well as auto components. Lack of volume will not only inhibit efficient manufacture but also R&D and introduction of new models. The investment and fiscal policies should create an environment for volume production and indigenous capability for innovation for small cars and auto components. **Source**: www.indiainbusiness..nic.in

Climbing up the Value Chain

The Indian automotive component industry has made a sustained shift to the global Tier 1 market for their products. In the 1990s, supplies to the aftermarket dominated the Indian auto components market, with only 35 per cent of exports being sourced by Tier 1 OEMs. In 2006, it is a very different story. Today, Indian automobile component manufacturers supply 75 per cent of their exports to Tier 1 OEMs and only 25 per cent to the aftermarket.

Indian component suppliers have displayed a growing capability to cater to the engineering and production needs of the some of the world's biggest auto companies. This is largely due to:

- Proficiency in understanding technical drawings and being well conversant in all global automotive standards: American, Japanese, Korean and European
- Appropriate automation has led to economically attractive production costs
- Flexibility in small batch production
- Growing IT capability for design, development and simulation

Striking the growth chart, Indian companies are:

- increasing investments in production capacity
- establishing partnerships in India and abroad
- investing in or acquiring companies overseas
- establishing greenfield manufacturing footprints overseas

Government Initiatives

The Government of India allows automatic approval for foreign equity investment up to 100 per cent for the manufacture of auto components. Manufacturing and imports in this sector is free from licensing and approvals. There is no local content regulation in the auto industry. The engineering export promotion council under the aegis of Ministry of Commerce and Industry, Government of India, over the years has been engaged in promoting exports of engineering goods including auto parts. Among other initiatives that have been affected in 2006-07 are:

- Reduction in the duty of raw material to 5-7.5 per cent from the earlier 10 per cent.
- Setting up of the National Automotive Testing and R&D Infrastructure Project (NATRIP) at a total cost of US\$ 388.5 million for enabling the industry to usher in global standards of vehicular safety, emission and performance standards.
- Finalization of the Automotive Mission Plan (AMP) 2006-2016 for making India a preferred destination for design and manufacture of automobile and automotive components

Source: www.ibef.org

Motor Cars

The ownership of cars in India is just 6 per thousand of population as against 500 in the developed economies. The contribution of the auto sector to the GDP and employment is likewise low. Expansion of local demand holds great potential and is vital to install scale volumes of production. Domestic demand mainly devolves around small cars not exceeding 3.80 meters in length. Small cars occupy less of road space and save on fuel. These capture more than 85 per cent of the market. India can build export capability and become an Asian hub for export of small cars. The growth of this segment needs to be spurred.

Improving Road Infrastructure

Traffic on roads is growing at a rate of 7 to 10 per cent per annum while the vehicle population growth for the past few years is of the order of 12 per cent per annum. Poor road infrastructure and traffic congestion can be a bottleneck in the growth of vehicle industry. A balanced and coordinated approach will be undertaken for proper maintenance, up gradation and development of roads by encouraging private sector participation besides public investment and incorporating latest technologies and management practices to take care of increase in vehicular traffic. For the convenience of traveling public the Government shall also promote multi-modal transportation and the implementation of mass rapid transport systems.

Incentive for Research and Development

The Government shall promote Research & Development in automotive industry by strengthening the efforts of industry in this direction by providing suitable fiscal and financial incentives. The current policy allows Weighted Tax Deduction under I.T. Act, 1961 for sponsored research and in-house R&D expenditure. This will be improved further for research and development activities of vehicle and component manufacturers from the current level of 125 per cent. In addition, vehicle manufacturers will also be considered for a rebate on the applicable excise duty for every 1 per cent of the gross turnover of the company expended during the year on Research and Development carried either in-house under a distinct dedicated entity, faculty or division within the company assessed as competent and qualified for the purpose or in any other R&D institution in the country. This would include R & D leading to adoption of low emission technologies and energy saving devices. Government will encourage setting up of independent auto design firms by providing them tax breaks, concessional duty on plant/equipment imports and granting automatic approval. Allocations to automotive cess fund created for R&D of automotive industry shall be increased and the scope of activities covered under it enlarged.

Source : <http://dhi.nic.in/autopolicy.htm>

Growth Potential of Indian Automotive Industry

- 1) Automotive Industry offers huge growth potential in terms of sales volume (including exports) and also immense employment opportunities. The likely future volumes of different vehicle categories were estimated on the basis of projections made by iMACS, NCAER and AT Kearney. Value of projected domestic output was computed based on



historical average vehicle prices. Export potential was estimated on the basis of current trends and possible opportunities in major export destinations. Demand for aftermarket auto components and export output was also included in computing growth potential of the industry. The unit value of different vehicle categories in 2016 have been estimated keeping in view the need for compliance with emissions and crash standards.

- 2) It is expected that the world production of auto components would reach USD 1.7 trillion by 2015. About USD 700 billion worth of auto-components would be from low cost countries (LCCs) by 2016. If India targets to get 10% share of this potential, it would mean USD 70 billion, nearly five times current total size of the industry in India. However, this Mission Document has set a modest target of USD 25 billion by 2016 for export of auto-components.
- 3) The projected size in 2016 of the Indian automotive industry varies between USD 122 billion and USD 159 billion including USD 35 billion exports. This translates into a contribution of 10-11% to India's GDP by 2016, that is, double the present contribution. This would mean a domestic vehicle market of USD 82 billion to USD 119 billion by 2016, USD 12 billion exports of vehicle and tractors, USD 20-25 billion component exports and more than USD 5 billion aftermarket of components. Another USD 2 – 2.5 billion in engineering services outsourcing opportunity is expected to develop. The total size of the auto component industry in India is expected to become USD 40-45 billion by 2016. This calls for a major focus and policy initiative to market India as an attractive "Manufacturing Destination".
- 4) The output estimated would require incremental investment of USD 35-40 billion (160,000 – 180,000) by 2016.
- 5) The automotive industry also promises significant employment opportunities. Large number of workers, both skilled and unskilled, would be required to sustain level of production. A large part of the employment would also be indirect, for sales, finance, insurance, mechanics and other after sales personnel for both semi-skilled and unskilled workers in rural and semi-urban areas. While direct employment is by way of workers engaged in the production of automobiles and auto-components, indirect employment is generated in feeder and supplier industries to the automotive industry, vehicle repair, service and maintenance outfits, automobile and auto component dealers and retailers, vehicle drivers, tyre industry, amongst others. It is estimated that, on a conservative basis, 5.3, 13.3, 0.5 and 3.9 units of direct and indirect employment are generated per unit of car, CV, 2-wheeler and 3-wheeler produced respectively. This translates into an additional employment generation of 25 million by the automobile industry by 2016.
- 6) Specialists in the areas of R & D, technology product development, logistics and operations would also be required. Availability of such requirements will not only be an opportunity, but getting adequately trained personnel will become a major challenge.

Source: Automotive Mission Plan 2006 – 16

Factors That Will Drive Growth For The Auto Component Industry

- The growth expected in the domestic automobile industry will give a fillip to the auto component sector. The Indian automobile industry offers great potential considering the low penetration along with rising income levels and a rapidly growing middle class. These factors will see a boost in demand for vehicles, especially passenger cars and two wheelers. These two segments are estimated to grow at between 10-12% for at least the next five years.
- The entry of global OEMs, making India as their manufacturing base, has given a big boost to the industry. For instance, Skoda plans to source parts for its European operations from its Indian base and raise indigenisation level for Indian models to 70%. This trend has also enabled Indian companies to gain a competitive edge in the global market. Further, the model of cluster-based development prominent in this sector will provide economies of scale.
- Export of automobiles has also emerged as a key component of growth. Rising exports of Indian-made vehicles like M&M's Scorpio model, Bajaj Auto's Bikes, Tata Motors' City Rover are indirectly increasing the demand for Indian auto components. Also, the export of India-made models of global OEMs like Hyundai's Santro Xing and Suzuki's Alto has given a boost to the industry.
- De-regulation and the Government's policy initiatives have facilitated growth and focus has now shifted towards attracting foreign direct investments. Also, the Government's initiative towards road development will give a boost to demand for vehicles and indirectly auto components.
- The Government's initiatives towards opening up channels of finance.
- Investments coming in for research and development will keep the industry abreast of the latest technology.

These factors portend a robust auto ancillary industry in India and the overall expected good growth will provide several opportunities for the emergence of new enterprises. Extending their reach to global markets is the pre-dominant outlook

among the top auto component manufacturers in the country. The vision to compete globally comes from the inherent strengths the Indian auto component industry possesses. Some features are:

- ❖ Cost reduction of 25-30% in production in the domestic market compared to overseas
- ❖ Low labour costs
- ❖ Designing, engineering and technical skills
- ❖ Established quality systems
- ❖ Availability of raw materials
- ❖ Adaptability to new technology

Investments in research and development, coming in from global OEMs. This stands out positively in favour of India. Key players are not only willing to invest in R&D but also in mechanical and engineering operations. These investments are expected to increase in the near future

Source : www.dnb.co.in/smes/future

The India Advantage:

Steered by the country's high engineering skills, established production lines, a thriving domestic automobile industry and competitive costs, global auto majors are rapidly ramping up the value of components they source from India. The industry is poised to jump from exports of US\$ 1.8 billion in 2004-05 to US\$ 5.9 billion in 2008-09. According to the Automotive Component Manufacturers Association of India, more than a third (36 per cent) of Indian auto component exports head for Europe, with North America a close second at 26 per cent.

In 2006, Indian companies, 75 per cent of which were bought directly by car companies, exported components worth US\$ 2 billion.

The original equipment manufacturers (OEMs) include firms like General Motors, Ford Motor Company, Cummins International, Bosch, Volkswagen, BMW, MAN (trucks) and JCB (earthmoving equipment) amongst others.

Over 20 OEMs have set up their International Purchase Offices (IPO's) in India to the components. This number is expected to double by the year 2010. India enjoys a cost advantage with regard to castings and forgings. The manufacturing costs in India are 25 to 30 percent lower than its western counterparts. India's competitive advantage does not come from costs alone, but from its full service supply capability. **Source:** www.ibef.org



BUSINESS OVERVIEW

PACL was incorporated in the year 1992 and has started commercial production since the year 1995. PACL is engaged in the manufacturing of S.G. (Ductile) Iron and Grey Cast Iron Castings and components primarily for the automobile sector. PACL has its manufacturing facilities at Pithampur district, 30 Kms away from Indore. PACL started with an initial capacity of 3600 MT per annum. The present installed capacity as on June 2007 is 9000 MT per annum and the company proposes to expand the same to 27600 MT per annum.

PACL is TS 16949 accredited company. Presently 90 % of production of PACL is supplied to Eicher Motors Ltd. The Company was rewarded by Eicher Motors for Outstanding Contribution to Parts Development in the year 1999- 2000 and Outstanding Contribution to Supply Management for the year 2005-06. PACL also caters to the requirements of other reputed companies such as L & T Case Equipments Pvt Ltd, Force Motors Ltd., Eicher Tractors (A Unit of TAFE Motors & Tractors Ltd.), Gajra Gears Pvt. Ltd, Shakti Pumps India Ltd, Man Force Trucks Pvt. Ltd , Diesel Components Works, Tata Automotive Components Ltd. etc.

The products are made as per customers suggested specifications and designs and a non-stop in-house technical development ensure better quality with improved cost economics.

PACL was founded by Mr. Surendra Jain and Mr. Devendra Jain who are qualified Mechanical Engineers and have over 30 years of experience in the business of automobile industry. The company manufactures around 12 different categories of castings such as SG Iron & Grey Iron Hubs, Different carriers and cases, bracketory components, Transmission cases, T G cases, Housings & cover components, Brake Drums, Links components, Pulleys, Pump parts, Exhaust manifolds and Bends. These products find applications in automobile and engineering industry.

Castings Types


At present almost 55% of our Company's output is SG Iron Castings and 45% Grey Iron castings which are more versatile and particularly suitable to automotive parts. Through the years the Company has evolved and sharpened its production methodology and quality systems enough to provide the controlled process and quality refinement required for the production of SG Iron castings.

Product Range

Products	Materials
Automobile Castings & Engineering Castings	S G (Ductile) Iron Grade SG 370-17, SG 400 - 12, SG 500-7 & 600 - 3 of IS 1865 - 1974 and all other standards as per requirement of customers
	Grey Iron Grade FG-200, FG-260 & FG-300 of IS - 210 and all other standards as per requirement of Customers.

PACL has a wide range of products that meet the specific requirements of different industries. Beginning as low as 0.5 kg, PACL offers parts up to 120 kgs in weight and in a choice of several grades of Grey & Ductile Iron. PACL manufactures parts to be used in various applications in automobiles, tractors, auto components and engineering industry.

Product Mix
S G IRON

<p>Hubs Front & Rear</p>  <p>Weight Range : 12 Kg to 36 Kgs.</p>	<p>Diff Carriers</p>  <p>Weight Range : 20 Kg to 45 Kgs.</p>	<p>Brackets</p>  <p>Weight Range : 7 Kg to 15 Kgs.</p>
<p>Diff Cases & Assemblies</p>  <p>Weight Range : 7 Kg to 35 Kgs.</p>	<p>Exhaust Manifolds & Bends</p>  <p>Weight Range : 6 Kg to 9 Kgs.</p>	<p>Housing & Link Castings</p>  <p>Weight Range : 10 Kg to 87 Kgs.</p>

GREY IRON

<p>Brake Drums</p>  <p>Weight Range : 22 kg to 68 Kgs.</p>	<p>Housings</p>  <p>Weight Range : 20 kg to 40 Kgs.</p>	<p>Transmission Cases</p>  <p>Weight Range : 24 Kgs to 48 Kgs.</p>
<p>Cover Castings</p>  <p>Weight Range : 5 Kg to 16 Kgs.</p>	<p>Gear Box Housing</p>  <p>Weight Range : 20 Kg to 52 Kgs.</p>	<p>Pullys</p>  <p>Weight Range : 6 Kg to 12 Kgs.</p>



Production Facilities

Plant Location	Area	Owned/Leased
Unit: 209 Sector I Industrial Area, Pithampur 454775 Madhya Pradesh India	18503 sq.mts	Leased for a period of 30 years, commencing from 03/04/1993

Existing Capacity and Capacity Utilization

Details	2003-04	2004-05	2005-06	2006-07
Installed capacity (MT)	4080	5970	5970	7400
Production (MT)	4075.28	5343.80	5589.24	6745
Capacity Utilization (in %)	99.88%	89.51%	93.62%	91.14%

As the existing capacities are being utilized optimally, the company proposes to expand the capacities to meet the growing demand for the products of the company. Accordingly the company is proceeding with existing capacities from 5970 MT to 7400 MT & proposed utilization are as follows.

Future capacity and Capacity utilization

Details	2007-08	2008-09	2009-10
Installed capacity (MT)	27600	27600	27600
Production (MT)	15600	20700	22080
Capacity Utilization (in %)	56.52 %	75.00 %	80.00 %

Existing Customers

The Details of sales to the existing customers are as follows.

Sr. No	Name	Address	Amount (Rs.in lacs) (Turnover for FY 2006-07)
1.	Eicher Motors Ltd	102, Industrial Area, Sector No. 01 , Pithampur	2868.10
2	L & T Case Equipments P. Ltd	Plot. No. 157, Sector No. 03 Pithampur	68.50
3	Shakthi Pumps (India) Limited	Plot No. 401, Sector No. 01, Pithampur	62.10
4	Man Force Trucks Pvt. Ltd	Plot No. 03, Sector 01 , Pithampur	33.90
5	Force Motor Limited (Pithampur)	Plot No. 03, Sector No.01, Pitampur	13.30
6.	Gajra Gears Ltd.	Station Road, Dewas	12.80
7.	Force Motors Limited (Pune)	Mumbai- Pune Road, Akurdi, Pune	10.60
8.	Eicher Tractors Ltd, (a unit of TAFE), Alwar	Engine Division Tarana Road, Alwar	4.61
9.	Brakes India Ltd, Chennai	Brakes Division, Sholingpur ,Tamil Nadu	0.18
10.	Diesel Components Works	Northern Railway, Patiala	*
11.	Tata Autocomp Systems Ltd, Pune	Beck House Damle Path, opp.Law College R.D.Erandw, Pune	*

* There were no sales to these parties during the year FY 2006 -07

Top 10 Clients for the year 2006-07 in terms of turnover are as follows.

Name	Address	Amount (Rs. in lacs)	% of TotalSales
Eicher Motors Ltd	102, Industrial Area, Sector No. 01, Pithampur	2868.10	84.43
Applied Auto Parts Pvt. Ltd.	Plot No. 1610, Road, F & 7A corner, almighty Gate ,Lodhika ,G.I.D.C. , Rajkot	182.50	5.37
L & T Case Equipments P. Ltd	Plot. No. 157, Sector No. 03 Pithampur	68.50	2.01
JMT Auto Ltd.	C-19 & 20, 7 TH Phase, Industrial Area, Adityapura, Jasmshedpur	64.90	1.91
Shakthi Pumps (India) Limited	Plot No. 401, Sector No. 01, Pithampur	62.10	1.83
Man Force Trucks Pvt. Ltd	Plot No. 03, Sector 01 , Pithampur	33.90	0.99
Force Motor Limited (Pithampur)	Plot No. 03, Sector No.01, Pitampur	13.30	0.39
Gajra Gears Ltd.	Station Road, Dewas	12.80	0.38
Force Motors Limited (Pune)	Mumbai- Pune Road, Akurdi 411 035 Pune	10.60	0.31
Minerva Automotives P. Ltd	Plot No. 101/1, Sector No. 1 , Pithampur	9.30	0.27

The top 10 clients account for around 97.70% to the total sales of the company for the year ended 31/03/2007.

Existing Competitors

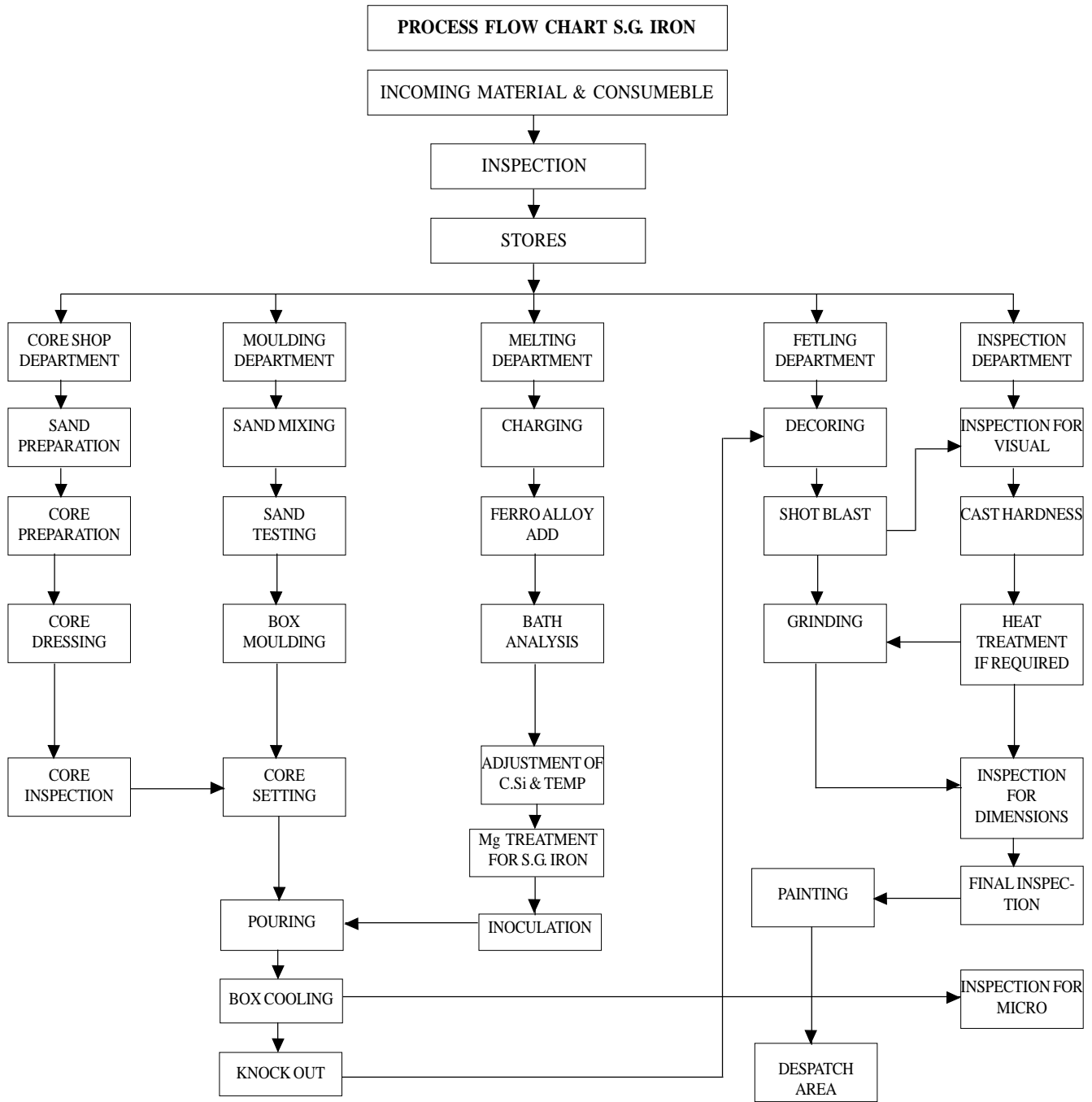
Castings are used in diverse products. Almost 90% of all manufactured goods contain one or more metal castings. Certain segments of castings are pure commodity products where competition is driven more by the price factor rather than quality or value addition. This competitor analysis is on those players who possess a critical size and focus on product segments which are of a complex nature and therefore require technical skills & capability. In this context some of the key players are:

Product Type	Name
Grey Iron	DCM Engineering Limited
Mainly SG Iron	Kirloskar Ferrous Industries Limited
SG Iron	Brakes India Limited
SG Iron	Shakthi Auto Components Ltd.
Grey Iron	D.G.P. Hinoday Industries Limited
Grey, SG and aluminum	Rico Auto Industries Limited

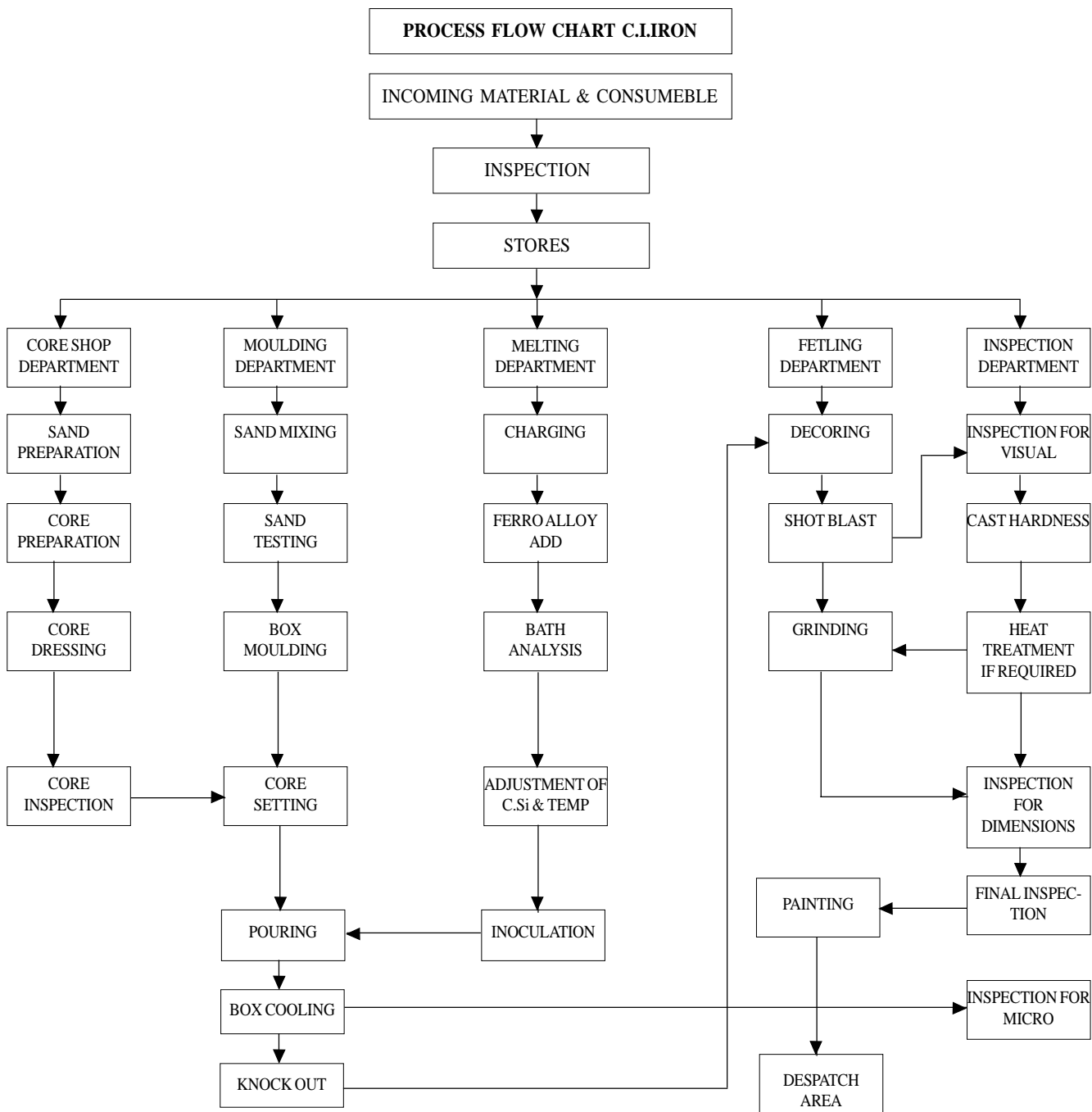


Manufacturing Process

A] Manufacturing Process for S.G. IRON



B] Manufacturing Process for C.I. IRON





Quality Control

A quality control system working on the principles of pre-process control, in process control and post process control is in place to deliver the final product as per markets specifications. The laboratory is equipped with all modern equipments and testing facilities.

1. Details of Existing Plant and Equipments

Process/ Equipment	Description	Nos./Sets
Melting	Dual track Induction Furnace with 2 Crucibles each.	2 Sets
	Induction Furnance 3 Mt (Dual Trak-R-Pi Power & Control System) & (Duraline Furnace with Hydraulic Tilting Arrangement)	1 set each
	Gas fired Cupola Size 28" , Capacity of 3 MT per Hour.	2 Nos
	Birail pouring system	5 Nos
	Eot Cranes	3 Nos
	Vibratory Chargers	2 Nos.
	Treatment ladles	4 Nos
	Pouring Laddles.	10 Nos.
Moulding	Jolt Squeeze Moulding lines with moulding boxes, pallet trollies and mould handling system.	2 Sets
	High Pressure Air Impluse Moulding Line with moulding boxes, pallet trollies and mould handling system.	1 Nos
	Air Impulse Moulding Machine (Box Closing Machine for mould box complete with guide bushes, guide shaft)	3 Nos
	Punch out	3 Nos.
	Knock out	2 Nos
Sand Plant	Fully mechanized sand plant of 56 MT of prepared sand per hour with intensive sand mixers, conveyors, elevators, storage hoppers, sand coolers, online sand testing equipments etc	-
Decoring	Equipped with knockout shaker, hydraulic wedge tools, feeder breaker and pneumatic chippers.	-
Core Shop	Facilities for Shell cores, CO2 cores, Oil sand cores and Cold Box cores. Sand Dryer for drying of sand.	-
Fettling	Equipped with Shot Blast machines, Tumbling barrels, material handling equipments and all the pneumatic and electric tools for grinding and chipping. Painting booth for painting of castings.	-
Heat Treatment	Gas Fired Furnace of 2 MT capacity with Temperature control and Graph plotter	-
Others	Electro Magnet	1 Nos
	Cupola - Drop Bottom Charger	2 Nos.

Testing

Sr. No	Equipment /Process	Description
1.	Metallurgical Testing	Equipped with a Microstructure Analyzer Software using camera attached to the microscope. Brinell Hardness Tester and Universal Testing Machine.
2.	Sand Testing	Equipped with Sieve Shaker, Universal Sand Testing Machine, Mould Hardness Tester, Permeability Meter and Moisture Tester.
3.	Chemical Testing	Spectrometer F20 Foundry Analyser of GNR Italy for checking of chemical composition. Chemical Lab is also equipped with instant Carbon Silicon and C.E. apparatus with recorder Carbon and Sulphur analyzer and other relevant wet analysis facilities.
4.	Metrological Testing	Surface Finish Tester, Slip Gauge, Surface plate and all the normal facilities of mechanical comparators, dial gauge, vernier height gauge, calipers etc.

Pollution Control Equipments

The company has installed Centrallised Dust collection system, Eco Ventilattors, Effluent Treatment Plant, Sand Reclamation Plant in its factory.

Raw Materials

Mainly the company requires two types of raw material, Steel Scrap and Pig Iron. Steel Scrap is sourced at prevailing market prices locally and also through other vendors based at Indore, Gujarat and Pune. The Major suppliers of Steel Scrap are :

- ❖ Ruchi Strips and Alloys Limited
- ❖ National Steel and Agro Industries Limited
- ❖ L & T Limited
- ❖ Caparo Engineering India Pvt. Ltd.
- ❖ Steelco Gujarat Ltd
- ❖ Ispat Industries Ltd.
- ❖ Force Motors Ltd.

Pig Iron is presently sourced from SESA industries, Tata Metalics etc.

Water

Water is sourced from the supply provided by the Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited (MPAKVN), Indore. Presently the requirement of water per day is 50000 Litres. The supply is regular and sufficient to meet the entire requirements.

Fuel

The Company uses Natural gas as its fuel which is sourced locally

Power

The Company receives steady and uninterrupted power supply from the Madhya Pradesh State Electricity Board [MPSEB]. Details of the sanctioned load, captive power generation and stand by arrangement is given as under :

Sanctioned load	Captive Generation	Emergency Arrangement
2250 KVA	NIL	DG Sets 165 KVA.

Air

The compressed air requirement for process and instrumentation is met by compressors installed on location complete with an Air Dryer.



Collaborations

The Company has not entered into any technical or marketing collaboration.

Human Resources

Manpower employed by the Company is given below:

Sr. No.	Particulars	Manpower (Existing)	Manpower (required Post Expansion)
1	Managerial	16	25
2	Skilled (Operators)	166	356
3	Semi Skilled (Assistant)	146	233
4	Unskilled (helper)	98	171
	TOTAL	426	785

The requirement of manpower post expansion would be sourced locally and the company shall take necessary steps for recruitment of additional manpower shortly.

Marketing

The casting products manufactured by the Company are made to order as per the requirements and specifications laid down by the customers. The major customer is Eicher Motors Limited which absorbs over 90% of our production for its automobile units in Madhya Pradesh. The rest of our production is supplied to automobile majors situated in and around Pithampur.

Property

Registered Office :

The Company's registered office is situated at Kanti Mansion, 6-Murai Mohalla, Indore (Madhya Pradesh). The Ownership of the property is in the name of Mrs. Chandanbai Jain (mother of Mr. Surendra Jain, Mr. Devendra Jain and Mr. Mukesh Jain), Mrs. Chandrakanta Jain and Mrs. Vimlabai Jain. A portion of the property is being used by the company as Registered office. The Company does not pay any rent for the use of the property.

Factory

Sr. No.	Description of the Property	Name of Seller & Address	Registration No. & Date	Date of Agreement	Area	Value In lacs	Annual Ground Rent	Purpose
1.	Plot No. 209 Pithampur Sector I. Dist. Dhar	M.P. Audyogik Kendra Vikas Nigam (Indore) Ltd., Indore	Regn. No. NIL Date: 03/04/1993	03/04/1993 (Leased for a period of 30 years commencing 03.4.1993)	18503 Sq. Mtr.	8.91	Rs.17,809/-	Construction and manufacturing of CI & SG Iron casting for Automobile and Agriculture Components Centrifugal Casting and purposes ancillary thereto
2.	Plot No. 215, Pithampur Sector I. Dist. Dhar	M.P. Audyogik Kendra Vikas Nigam (Indore) Ltd., Indore	Regn : No. NIL Date : 20/04/2007	20/04/2007 (Leased for a period of 30 years commencing 20/04/2007)	8120 sq. Mtr.	17.50	Rs. 26,796/-	Manufacturing of CI & SG Iron Casting for Automobile and Agriculture components centrifugal casting and purposes ancillary thereto
3.	Khasara No. 232/2,233 and 234 NOTE: Its an agriculture land, yet to be registered in company's name.	Mr. Allah Noor Patel And Mr. Ashik Patel R/o Gram Dhamnad, Khurd (Silotia) Municipal ward 2 Tehsil and Dist. Dhar	Agreement to sale Date : 09/06/2006	09/06/2006	2.602 Hectare	99.05 (Advance)	-	-



SWOT Analysis of the Company

STRENGTHS	WEAKNESS
<ul style="list-style-type: none"> • Promoters are technically qualified and having experience of over 30 years in this field. • The Company has over the years developed expertise in SG and CI Castings • ISO /TS 16949 : 2002 accredited company • Prime location of the factory, as Pithampur (Indore), Madhya Pradesh is one of the major Hub of the auto industry • Post Expansion the company would be achieving high degree of automation, which would make the processes more efficient and increased capacities would facilitate economies of scale. • Versatile product range from 0.5 Kgs to 120 Kgs of castings • Recognized supplier to Multi-national Automobile Companies 	<ul style="list-style-type: none"> • The Company's Brand is yet to be recognized at National Level despite being in the existing business for more than one decade due to the supply to original equipment manufacturers • The products are as per customer's requirement and in case of rejection from the buyer there is no general market for the said products. • The Company is not into multi-segment product and are dependent on few products which might hamper its continuous growth
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • CV/HV industry is growing fast, spurred by a resurgent, consumption oriented economy, new roads and increasing road freight. • Government policy supportive, promoting infrastructure and private enterprise, assuring liquidity and stable interest rates. • Export Opportunities due to outsourcing by developed countries • Promising future prospects of developing for the components for automobile industry 	<ul style="list-style-type: none"> • Technology plays a vital role in the casting industry. Failure or inability to incorporate any change in technology might place competitors at an advantage in terms of costs, efficiency and timely delivery of the final products. • Rapid growth may result in inadequate controls. • The prices of the major raw materials are susceptible to volatility, affecting the cost of the company likewise, and bring about uncertainty in the profitability of the company.

BUSINESS STRATEGY

The growth in the automobile industry is very rapid and it has resulted in the growth of vehicle business as well as auto components business, resulting in incremental usage of CI and SG Iron castings.

India is emerging as a global automobile giant. In recent years this industry has made pioneering efforts in adopting modern technology and allowing the entry of foreign players. This is well supported by the economic conditions particularly in the financial sector and in foreign direct investment. During the last decade, conscious efforts have been made to fine-tune state policy to enable the Indian automobile industry realize its potential to the fullest. Moreover, auto finance with aggressive marketing strategies has played a big role in boosting the automobile demand.

The company desires to capitalize this opportunity and therefore is pursuing the expansion to cater to the growing demand in Indian as well as International market. The company has the basic Infrastructure facilities and the requisite expertise in this field. The company does not foresee any difficulty in expanding its capacities. At present the company is utilizing more than 90% of its manufacturing capacities and therefore unable to feed to the new customers. The major customer of the company at present is Eicher Motors Limited based at Pithampur and the company is enjoying Ancillary status. The company has also started supplying castings to Man Force for its trucks manufacturing unit at Pithampur.

The Company plans to expand its existing capacities, customers and achieve higher operational efficiency which will enable the Company to improve the quality of products and improve the margins of the Company

- **Value Added Products**

Apart from expanding its capacities of castings, the focus of the Company would be to make value added products in addition to rough castings. As of now the company is manufacturing un finished castings , but with the expansion the company will start supply of finished products and sub assemblies which will contribute in increased margins to the company. The company in future plans to gradually increase the supply of finished castings which would generate better margins. Currently nearly 20% of total production is machined, and the Company expects the same to be in the range of 70%- 75% by FY10.

The Indian auto components industry is rapidly transforming itself from a low-volume, fragmented sector, into a highly competitive sector characterized by world-class technology, large and assured volumes, and adherence to strict delivery schedules as specified by global vehicle manufacturers. The value in sourcing auto components and castings from India includes low labour cost, raw material availability, technically skilled manpower and quality assurance. The company plans to upgrade its existing manufacturing facilities and also setting up the state of art facility to make sure to meet the increased demand of the industry.

- **Continue to enhance Training and Development**

Qualified Management personnels and employees is key to success therefore the company seeks to attract and retain most talented individuals in the industry and improve their skills, productivity and career development opportunity through advance resource management system. In additions to on the job training the company will send their selected employees to machinery suppliers as well as leading institution in India for advanced training.

Key Industrial Regulations & Policies

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



HISTORY OF THE COMPANY

Our Company was incorporated on February 03, 1992 as a private limited company under the Companies Act 1956 with Registration Number 10-06912 of 1992. The Company was converted into a Public Limited Company on September 09, 1992 with the name "Porwal Auto Components Limited". The Registered office of our Company is situated at Kanti Mansion, 6-Murai Mohalla, Indore 452001 (Madhya Pradesh) India

Our company has been promoted by Mr. Surendra Jain, Mr. Devendra Jain and Mr. Mukesh Jain. Our Company is an ISO/TS 16949:2002 accredited company engaged in the business of manufacture of SG and CI Castings with an installed capacity of 6600 T per annum which is presently upgraded to 9000 MT per annum. In order to enhance the product profile and cater to larger customer base, we have implemented a large scale expansion programme to increase the capacities upto 27600 MTA. The expansion programme has commenced from January 2005. The total expansion would be completed by June 2008.

To part finance the expansion programme, during January 2006, the Company had made a preferential allotment of 80,00,000 equity shares, out of which 43,00,000 equity shares were allotted to promoter group and the balance 37,00,000 equity shares were allotted to Porwal Finsec Pvt. Ltd. (Acquirer), a non-promoter Company. The acquirer has complied with SEBI (SAST) Regulations and an Open Offer was made to the equity shareholders of PACL.

The Details of the open offer are as follows.

The Acquirer, Porwal Finsec Pvt. Ltd made an open offer for 20,20,000 equity shares at a price of Rs. 12.66 (Rupees Twelve and paise Sixty Six only) per share. The offer opened on 22/02/2007 and closed on 13/03/2007. The total no. of shares under the offer accepted were 73,900

Porwal Finsec Pvt. Ltd. is engaged in the business of investment and finance and it is not a member of any stock exchange. The Shareholding pattern of Porwal Finsec Pvt. Ltd. as on 31/03/2007

Category of Shareholder	Number of Shares	% of Shareholding
Promoters:		
Mr. Pravin Jain	5,000	0.37
Mr. Atul Jain	5,000	0.37
Corporate Bodies	13,20,000	97.70
Others	21,000	1.56
Total	13,51,000	100.00

The details of Directors of Corporate shareholders in M/s. Porwal Finsec Pvt. Limited are as follows.

Sr. No	Name	Number of Shares	% of Shareholding	Directors
1.	Chair finance & investments Pvt. Ltd.	200000	14.80	Mr. Sanjay Agarwal Mr. Chotelal Phatak
2.	Money Penny Fincom Pvt Ltd	80000	5.92	Mr.Ramesh Khatod Mr. Praveen Kothari
3.	Palasia Leasing & Investments Pvt. Ltd.	240000	17.76	Mr. Pradeep Patni Ms. Pramila Jain
4.	Patni Industries Ltd.	40000	2.96	Mr. Kailash Garg Ms. Chhaya Parmar Mr. Amrish Parmar
5.	Pramila Investment and Finance Limited	60000	4.44	Mr. Manoj Pandya Mr. Rishi Pandya Mr. Kapoor Chand Pandya
6.	Pursuit Securities Limited	120000	8.88	Mr.Manoj Pandya Mr.Vivek Kumar Divedi Mr. Jitendra Porwal
7.	Siddhachal Developers Pvt. Ltd	120000	8.88	Mr. Harman Singh Ms. Pramila Jain

8.	Sundrop Securities Pvt Ltd	120000	8.88	Mr. Jitendra Porwal Mr. Shailendra Chouhan Mr. Dinesh Nalwaya
9.	Unno Industries Ltd	340000	25.16	Mr. Narendra Gangwal Mr. Gaurav Jain Ms. Nilima Kasliwal Ms. Chandrika Gangwal

Porwal Finsec Pvt. Ltd is neither related nor is a promoter group company of Porwal Auto Components Limited
PACL has achieved total sales of Rs. 3397.02 lacs and a PAT of Rs.75.39 lacs for the financial year ended 2006-07.

MILESTONES ACHIEVED:

Year	Event
1992	Incorporation
1994	Public Issue and listing on OTCEI
1995	Commenced production of SG and CI castings
1999	National Awards to small scale Entrepreneur given by Govt. of India (Ministry of Small Scale Industries) to Mr. Devendra Jain (Promoter & Managing Director)
2000	Eicher Motors Ltd. Award for Outstanding Contribution to parts development
2000	Eicher Motors Ltd. Award for Outstanding Contribution to Supply Chain Management
2005	Production capacity up gradation from 4,080 MT p.a. to 5970 MT p.a.
2005	Commenced a large scale expansion plan
2006	Eicher Motors Ltd. Award for Outstanding Contribution to Supply Chain Management
2007	Certification for ISO/TS 16949 : 2002

MAIN OBJECTS OF THE COMPANY

The main objects to be pursued by the company are as follows:

(As set out in the Memorandum and Articles of Association of the Company)

- a. To manufacture, produce, process, buy, sell, export, import, trade and deal I automobile and automotive components, parts, spares and accessories, castings and casting products for automobile.
- b. To set up tool rooms and undertake machining work of automotive components, parts, spares, tools, dies and fixtures.
- c. To manufacture, produce, process, buy, sell, export, import, trade and deal in general and special purpose machines, forging and forging items and machine tools for automobiles use.”

CHANGES IN OUR MEMORANDUM OF ASSOCIATION

Date of Shareholders Approval	Nature Of Changes In The Memorandum Of Association
09/09/1992	Company was converted from a Private Limited Company to a Public Limited Company
25/03/1993	Each of the Rs 100/- share sub divided into 10 equity shares of Rs.10/- each.
25/03/1993	Authorised capital increased from Rs.5,00,000/- divided into 50,000 equity shares of Rs.10/- each to Rs.2,00,00,000/- divided into 20,00,000 equity share of Rs.10/- each.
31/07/1995	Authorised capital increased from Rs.2,00 00,000/- divided into 20,00,000 equity shares of Rs.10/- each to Rs.2,50,00,000/- divided into 25,00,000 equity share of Rs.10/- each.
12/01/2006	Authorised capital increased from Rs.2,50,00,000/- divided into 25,00,000 equity shares of Rs.10/- each to Rs.20,00,00,000/- divided into 2,00,00,000 equity share of Rs.10/- each.

SUBSIDIARIES OF THE COMPANY:

There are no subsidiaries of the Company.

Shareholders Agreements

There is no separate agreement between any shareholder and the Company.

Strategic/Financial Partners

The Company does not have any strategic/ Financial partner.

Other Agreement

There are no other agreement entered into by the company other than those entered into the normal course of business.



OUR MANAGEMENT

Name, Age, Designation, Fathers name, Address and Occupation	Date of Appointment/ Reappointment (Term Period)	Qualification	No. of shares held (% of paid up Capital)	Remunera- tion (Per Month)	Other Directorships
Mr. Surendra Jain (55 years) Chairman (Non-Independent) S/o Late Shri Utsavlal Jain H-5, Ahilya Puri, Residency Area, Indore – 452 001 (M.P) Occupation: Business	01/08/2005 (3 Years)	BE Mechanical Engineering	3,80,000 (3.76%)	Rs.50,000	Triveni Conductors Limited
Mr. Devendra Jain (53 years) Managing Director (Non-Independent) S/o Late Shri Utsavlal Jain Kanti Mansion, 6-Murai Mohalla, Indore-452001 (Madhya Pradesh) Occupation: Business	01/08/2005 (3 years)	BE Mechanical Engineering	3,28,600 (3.25%)	Rs.75,000	Pithampur Auto Cluster Ltd
Mr. Mukesh Jain (51 years) Executive Director (Non-Independent) S/o Late Shri Utsavlal Jain H-5, Ahilya Puri, Residency Area Indore – 452 001 (M.P) Occupation: Business	01/08/2005 (3 years)	B. Com	2,58,200 (2.56%)	Rs. 65,000	—
Mr. S.B. Kucheria (67 years) Director (Independent) S/o Shri. Bindichand Kucheria 86, Paliwal Nagar Indore Occupation: Retired Banker	23/04/2007 (Liable to retire by rotation)	B. Com; CAIIB	Nil	—	Prestige Foods Ltd.
Mr. Nitin Dafria (42 years.) Director (Independent) S/o Shri. Surendra Dafria 218 B, Bansi Trade Centre, 581/5, M.G. Road, Indore, M.P. 452 003 Occupation: Chartered Accountant and Management	Consultant 30/09/2002 (Liable to retire by rotation)	F.C.A.MBA	Nil	—	—
Mr. Ashish Saboo (33 years) Director (Independent) S/o Shri B. K. Saboo 101-102, Jai Jinendra Apts.9/3, Malaharganj, Indore, M.P.452 002 Occupation: Chartered Accountant	21/05/2007 (Liable to retire by rotation)	F.C.A	Nil	—	—

Brief Profile of the Directors

Mr. Surendra Jain, aged 55 years is an Engineer by qualification and has over 33 years of experience in manufacturing of copper and also in automobile industry. He is the Executive Chairman of the Company. He has been associated with the Company since its incorporation. He is also a Director in M/s. Triveni Conductors Limited.

Mr. Devendra Jain, aged 53 years is a Bachelor in Mechanical Engineering from BITS, Pilani with 28 years of experience in the Auto Component industry. He is the Managing Director of the company. He is in charge of Production, Marketing and other day to day operations of the Company. Mr. Devendra Jain is also a Director in Pithampur Auto Cluster Ltd.

Mr. Mukesh Jain, aged 51 years is a Commerce graduate (B.Com). He is in charge of all the financial operations of the Company and looks after the administration of the company.

Mr. S. B. Kucheria aged 67 years is a Non Executive Independent Director of the Company. He is a B.com, CAIIB and has over 36 years of Banking Experience in various capacities. He is former Managing Director of State Bank of Saurashtra .He was also director of SBI Factors and Commercial Services Ltd.

Mr. Nitin Dafria aged 42 years has an experience of more than 15 years in taxation and corporate management consultancy. He is a Chartered Accountant, MBA by profession. He is a Non-Executive Independent Director of the Company.

Mr. Ashish Saboo aged 33 years is a Chartered Accountant by profession. He is a practicing Chartered Accountant having experience of more than 7 years. He is well-organized in the area of Audit and Finance. He is a Non-Executive Independent Director of the Company.

BORROWING POWERS OF DIRECTORS

The shareholders of the Company pursuant to the provisions of section 293(1)(d) of the Companies Act, 1956, have authorized the Board of Directors to borrow. The section titled Main provisions of the Articles of Association on page no 128 of this Offer Document sets out the borrowing powers of the Directors of the Company

RELATIONSHIP AMONG DIRECTORS

Mr. Surendra Jain, Mr. Devendra Jain and Mr. Mukesh Jain are Brothers.

INTEREST OF PROMOTERS, DIRECTORS

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association of the Company. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the Company may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

DETAILS OF GUARANTEES BY PROMOTERS / DIRECTORS

- Mr. Devendra Jain and Mr. Mukesh Jain have given personal guarantees to State Bank of Indore for securing the term loan amounting to Rs. 1200 lacs.
- Mr. Surendra Jain , Mr. Devendra Jain and Mr. Mukesh Jain have given personal guarantees to State Bank of India for securing the working capital loan amounting to Rs. 315 lacs.

CHANGES IN THE DIRECTORS DURING THE LAST THREE YEARS AND REASONS THEREOF:

Sr. No.	Name	Date of Appointment	Date of Resignation	Reasons for change
1	Mr. Ashok Sodhani	23/07/2005	-	Appointed as director of the company
2	Mr. Jagdish Mandaniya	-	11/06/2004	Resigned from directorship
3	Mr. U.C. Gaur	-	09/09/2004	Resigned as nominee director
4	Mr. P.N. Mandal	-	09/09/2004	Resigned as nominee director
5	Mr. Surendra Jain	23/07/2005	-	Appointed as director of the company
6.	Mr. S.B. Kucheria	23/04/2007	-	Appointed as an additional director
7.	Mr. Ashok Mehta	-	21/05/2007	Resigned from directorship
8.	Mr. Ashok Sodhani	-	21/05/2007	Resigned from directorship
9.	Mr. Ashish Saboo	21/05/2007	-	Appointed as an additional director



COMPENSATION OF CHAIRMAN & MANAGING DIRECTOR

The remuneration of Mr. Surendra Jain, Chairman and Mr. Devendra Jain, Managing Director, has been approved in the Remuneration Committee Meeting held on July 30, 2005. The details are as given below:

Mr. Surendra Jain, Chairman of the Company, has been appointed for a term of three years starting August 01, 2005. The Company shall pay a remuneration of Rs. 50,000/- per month, which shall be inclusive of perquisites and subject to renewal of the remuneration committee from time to time as the committee decides.

Mr. Devendra Jain, Managing Director of the Company, has been appointed for a term of three years starting August 01, 2005. The Company shall pay a remuneration of Rs. 75,000/- per month, which shall be inclusive of perquisites and subject to renewal of the remuneration committee from time to time as the committee decides.

CORPORATE GOVERNANCE

The company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement and circular no. SEBI/CFD/DIL/CG/2004/12/10 dated October 29, 2004 issued by Securities and Exchange Board of India (SEBI).

• Company's Philosophy on Code

The Company has outlined the procedures and practices as per the requirements of the corporate governance and certain steps have been taken to ensure transparency and accountability. The Company shall continue to follow the same with a desire for further development on continuous basis

2. Board of Directors

The Board meets at least once in two months to review the overall business operations including considering the business which are related to formulation and execution of policies.

The Present Composition of Board of Directors is as follows:-

Name	Designation	Status
Mr. Surendra Jain	Chairman	Executive and Non-Independent
Mr. Devendra Jain	Managing Director	Executive and Non Independent
Mr. Mukesh Jain	Director	Executive and Non Independent
Mr. Nitin Dafria	Director	Non-Executive and Independent
Mr. S.B.Kucheria	Director	Non-Executive and Independent
Mr. Ashish Saboo	Director	Non-Executive and Independent

3. Audit Committee

The Audit Committee is functioning under the Chairmanship of Mr. Nitin Dafria, an independent non- executive Director. The Audit Committee comprises of the following Board of Directors.

Name	Status
Mr. Nitin Dafria	Non-Executive and Independent Director
Mr. S.B. Kucheria	Non-Executive and Independent Director
Mr. Ashish Saboo	Non-Executive and Independent Director

The terms of reference to the Audit Committee as stipulated by the Board are as follows:

- To review reports of the Internal Audit Department and recommend to the Board to decide about the scope of its working including the examination of major items of expenditure.
- To meet statutory and internal auditors periodically and discuss their findings, suggestions and other related matters.
- To review the auditor's report on the financial statements and to seek clarification thereon, if required, from the auditors.

- To review the weakness in internal controls, if any, reported by the internal and statutory auditors and report to the Board the recommendations relating thereto.
- To act as a link between the statutory and internal auditors and the Board of Directors.
- To recommend a change in the auditors if in the opinion of the Committee the auditors have failed to discharge their duties adequately.
- Reviewing the Company's financial and risk management policies and looking into reasons of substantial defaults, if any, of non payment to stakeholders.
- And, generally all items listed in Clause 49(II) (D) of the Listing Agreement.

4. Remuneration Committee

In Compliance with the provisions of Corporate Governance, Company has formed a Remuneration Committee. The Remuneration Committee is headed by Mr. S. B. Kucheria, an Independent Non- Executive Director.

The Composition of Remuneration Committee is as follows:

Name	Status
Mr. S.B.Kucheria	Non-Executive and Independent Director
Mr. Ashish Saboo	Non-Executive and Independent Director
Mr. Nitin Dafria	Non-Executive and Independent Director

5. Shareholders/ Investor Relations and Grievance Committee

The Shareholders/Investor Relations and Grievance Committee constitutes of the following Board of Directors.

Name	Status
Mr. S.B.Kucheria	Non-Executive and Independent Director
Mr. Nitin Dafria	Non-Executive and Independent Director

The terms of reference of the Committee

- The committee shall oversee share transfers and monitors redressal of shareholder, depositor and investor complaints.
- The committee shall also review the processes and service standards adopted by the in-house share department/ Registrar and Transfer Agent, the complaints received by the Company and their resolution.



KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of medical/finance/marketing and corporate laws. The brief detail of the key managerial personnel is given below:

Name, Designation & Address	Age (Years)	Qualification	Years of experience in the Company	Date of appointment	Previous Employment and Total Experience	Remuneration Per annum (Rs. in Lacs)	No. of shares held
Mr. Shailesh Jain CEO "Utsav", H5 – Alhiliyapuri, Indore – 452001	48	B.Com	4 years	01/04/2003	Triveni Conductors Limited. 29 Years	5.40	1,69,400
Mr. V.S.Sawant DGM (Quality) Sukwani Enclave Building No. 1/3, Pimpri Waghare, Pune -17	48	D.E (Metallurgy) Post Diploma Fdy. Tech	9 Months	28/10/2006	Kores India Ltd. 25 Years	4.38	Nil
Mr. Sharad Dhumane DGM (Quality) B-2/14, Dhanukar Residency, Dhanukar Colony, Kothrud Pune -38	46	B.Tech (Metallurgy)	4 Months	23/03/2007	Menon & Menon 23 years	4.28	Nil
Mr. Anil Manjrekar Sr. Manager (Project & maintenance) 6, Kalpatru 1, Panchratna village – rts, Dand- Rasayant road, Dist. Raigad, Maharashtra	37	Diploma in Mechanicals	1 Year	07/08/2006	Western Castings Ltd 13 years	3.96	Nil
Mr. Kuldeep Mathur Manager (Maintenance) 128, Sudharshan Nagar, Indore.	46	D.Mech	5 Years	21/02/2002	Chamunda Standard Mills co. Ltd. 25 Years	3.10	Nil
Mr. Vikrant Patel Manager (Commercial) 101, Shanti Shree Apartments, A/44, Dhanwantri Nagar, Indore.	38	B.E.Mech	9 Years	17/10/1997	Nagpur Alloy Castings Ltd. 15 Years	3.39	Nil
Mr. Rohit Jain Manager (Customer Development & Marketing) Kanti Mansion, 6, Murai Mohalla, Indore - 452001	28	B.E.Prod	6 Years	10/06/2001	6 Years	2.40	Nil
Ms. Raina Ajmera Company Secretary 1/5 North Rajmohalla Indore	29	B.Com / C.S.	2 Months	21/05/2007	Practicing C.S. 3 Years	1.02	Nil

The above persons are on the rolls of the company as permanent employees.

CHANGES IN KEY MANAGERIAL PERSONNEL FOR THE PAST THREE YEARS

Changes in the key managerial personnel during the past three year are as follows:-

Sr. No.	Name	Designation	Date of Appointment	Date of Resignation
1	Mr. Nirmal Sahai	GM (Operations)	09/07/2005	01/07/2006
2	Mr. S. V. Gore	DGM (Production)	19/07/2004	26/09/2006
3	Mr. A. M. Takalkar	GM (Production)	-	31/05/2005
4	Mr. Krishna Swamy	DGM (Production)	-	27/04/2004
5	Mr. D.K. Sarkar	Manager (Pattern Shop)	05/07/2004	10/12/2005
6	Mr. Krishna Ganeriwal	Manager (Projects)	23/12/2004	30/12/2005
7	Mr. Nitin Adya	GM (Operations)	20/09/2006	27/01/2007
8.	Mr. V.S.Sawant	DGM (Quality)	28/10/2006	-
9.	Mr. Sharad Dhumane	DGM (Quality)	23/03/2007	-
10.	Mr. Anil Manjrekar	Sr. Manager (Project and Maintenance)	07/08/2006	-
11.	Ms. Raina Ajmera	Company Secretary	21/05/2007	-
12.	Mr. N.K. Verma	Manager (PPC and HR)	-	31/05/2007

EMPLOYEE STOCK OPTION SCHEMES

There has been no Employee Stock Option Scheme/Employee Stock Purchase Scheme in existence as on date.

INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or intended to be given to any of the directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

BONUS OR PROFIT SHARING PLAN FOR KEY MANAGERIAL PERSONNEL

There is no Bonus or profit sharing plan for the key managerial personnel of the company

PROFIT OR BENEFIT TO EMPLOYEES /KEY MANAGERIAL PERSONNEL OF THE COMPANY

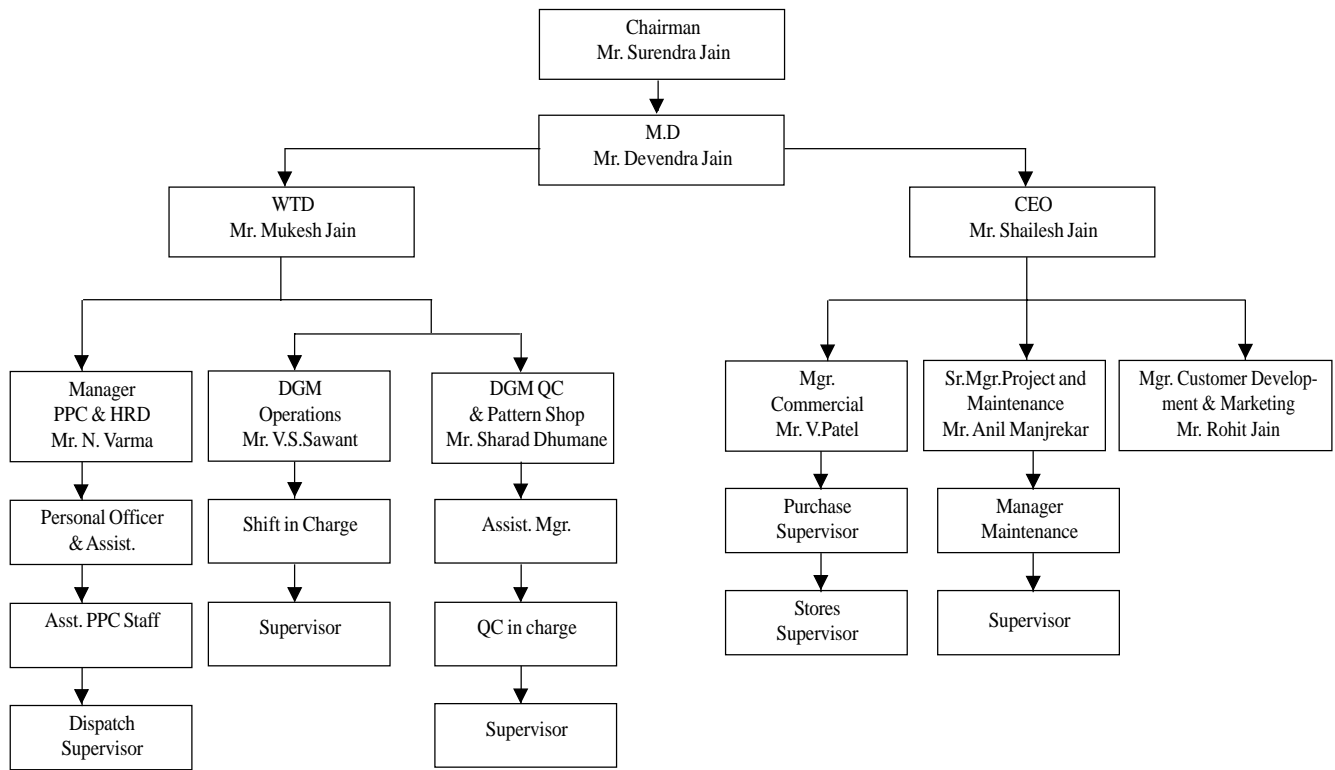
There is no profit or benefit for the employees/Key managerial of the company

RELATIONSHIP WITH DIRECTORS / PROMOTERS OF THE COMPANY




Mr. Shailesh Jain is the brother of Mr.Surendra Jain, Mr. Devendra Jain and Mr. Mukesh Jain



MANAGEMENT ORGANISATION STRUCTURE



OUR PROMOTERS AND THEIR BACKGROUND

	<p>Mr. Surendra Jain (55 years) is an Engineer by qualification and has over 33 years of experience in manufacturing of copper and also in automobile industry. He is the Executive Chairman of the Company. He has been associated with the Company since its incorporation. He is also a Director in M/s. Triveni Conductors Limited..</p> <p>Voter ID : MP/37/274/138042</p> <p>Driving License no. : S/5969/69</p>
	<p>Mr. Devendra Jain (53 years) is a Bachelor in Mechanical Engineering from BITS, Pilani with 28 years of experience in the Auto Component industry. He is the Managing Director of the company. He is in charge of Production, Marketing and other day to day operations of the Company. Mr. Devendra Jain is also a Director in Pithampur Auto Cluster Ltd</p> <p>Voter ID : MP/37/274/195140</p> <p>Driving License no. : MP 09/060717/03</p>
	<p>Mr. Mukesh Jain (51 years) is a Commerce graduate (B.Com). He is in charge of all the financial operations of the Company and looks after the administration of the company.</p> <p>Voter ID : MP/37/274/138044</p> <p>Driving License no. : M/0680</p>

We confirm that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to the Stock Exchanges at the time of filing of the Red Herring Prospectus. Further, the Promoters have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters except as discussed in section titled “Legal and Regulatory Information” on page 87of this Prospectus.

Interest of Promoters

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

Except as mentioned above the promoters do not have any interest in the business of the company.

Payment or benefit to Promoters of the Issuer Company

Other than the salary and remuneration of the Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoters of the Company.

Details of the Promoter Being a Company

Flag Vittawas Ltd.

The Company, bearing Registration Number 083189, is registered with Registrar of Companies, Mumbai, as “Flag Vittawas Limited” was and incorporated on 23/11/1994. The Registered office is located at_C 804, Cosmos Gundecha, Valley of Flower, Thakur Village, Kandivali (E), Mumbai – 400 101. The Company is engaged in the business of Finance and Investments. The Company is promoted by Mr. Gajendra Jain.

**Board of Directors/Promoters**

Sr. No	Name	Designation
1.	Dr. Gajendra Jain	Director
2.	Mrs. Pushpa Jain	Director
3.	Mrs. Manju Jain	Director

Financial Performance**(Rs. in lacs)**

Particulars	2004-2005	2005-2006	2006-07
Total Income	23.43	9.19	1.28
PBT	1.92	-0.31	-0.26
PAT / (LOSS)	1.77	-0.31	-0.26
Share Capital	70.00	70.00	70.00
Reserves	180.00	180.00	180.00
Net Block of Fixed Assets	34.82	33.93	0.00
EPS	0.25	-0.04	0.04
Net Asset Value	238.13	238.25	238.42

Shareholding Pattern as on 31/03/2007

Sr. No	Shareholder's Category	No. of Shares	Percentage
1.	Promoters		
	Shri Gajendra Jain	10000	1.42
	Smt. Pushpa Jain	25200	3.61
	Smt. Manju Jain	47000	6.72
2.	Relatives of promoters	617800	88.25
	Total	700000	100

CIN No.	U65990MH1994PTC083189
PAN No.	AAACF5650L

Flag Vittawas Ltd. is an unlisted Company. The Company is not under winding up.

Other Details

Public Issue or rights issue in the preceding 3 years	No
Whether the company has become a sick company within the meaning of sick industrial companies (Special Provisions) Act 1985 or is under winding up	No

Related Party Transactions

For Related Party Transactions please refer to the section entitled "Related Party Transactions" beginning on page no.78 of this red herring prospectus.

Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. We have not declared any dividends since inception.

Common Pursuits

None of the Promoters or the Promoter Group Company of PACL is engaged in similar businesses as PACL.

Changes in accounting policies in the last three years.

There are no changes in the accounting policies in the last three years.

OTHER VENTURES OF THE PROMOTERS

A. Porwal Diesels Private Limited

The Company, bearing Registration Number 3748, is registered with Registrar of Companies, Madhya Pradesh, Gwalior as “Porwal Diesels Private Limited” was and incorporated on 21st November 1985. The Registered office is located at 6 Murai Mohalla, Kanti Mansion, Indore M.P. .The Company is engaged in the manufacture of Diesel Engines pumps, pumps sets, DG Sets and Machining of Automobile Components at its unit situated at Pithampur M.P. The Company is promoted by Mr Atin Jain and Dr. Gajendra Jain.

Board of Directors/Promoters

Sr. No	Name	Designation
1.	Dr. Gajendra Jain	Director
2.	Mr. Atin Jain	Director

Financial Performance

(Rs. in lacs)

Particulars	2004-2005	2005-2006	2006-07
Total Income	491.02	338.02	417.09
PBT	14.64	1.17	8.16
PAT / (LOSS)	9.55	0.42	6.66
Share Capital	25.00	25.00	25.00
Reserves	62.69	63.11	69.84
Net Block of Fixed Assets	193.76	222.90	314.10
EPS	3.82	0.16	26.65
Net Asset Value	87.70	93.12	164.84

Shareholding Pattern as on 31/03/2007

Sr. No	Shareholder’s Category	No. of Shares	Percentage
1.	Promoters		
	Dr. Gajendra Jain	2700	10.80
	Mr. Attin Jain	2005	8.02
2.	Relatives of promoters	18210	72.84
3.	Others	2085	8.34
4.	Total	25000	100.00

CIN No.	U34300MP1985PTC003148
PAN No.	AAACP9809K

Porwal Diesels is an unlisted Company. The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 and is not under winding up.

Other Details

Public Issue or rights issue in the preceding 3 years	No
Whether the company has become a sick company within the meaning of sick industrial companies (Special Provisions) Act 1985 or is under winding up	No

B. Triveni Conductors Limited

The Company was incorporated as Triveni Conductors Private Limited on 25th March, 1981 under the Companies Act, 1956, with the Registration No. 1744 of 1981. The Company was converted into a Public Limited company and the Registrar of Companies, Madhya Pradesh, Gwalior had issued a fresh certificate on 25th November, 1994. The Registered office is located at 6, Murai Mohalla, Kanti Mansion, Indore M.P. The Company is engaged in the manufacture of Super Enameled Copper Wires and Submersible wire at its SSI unit in Pithampur M.P. The Company is promoted by Mr. Surendra Jain.

**Board of Directors**

Sr. No	Name	Designation
1.	Mr. Surendra Jain	Director
2.	Mr. Rohan Jain	Director
3.	Mr. Pramod Jain	Director

Financial Performance**(Rs. in lacs)**

Particulars	2004-2005	2005-2006	2006 -07
Total Income	3772.08	3854.46	3207.82
PBT / (LBT)	(0.97)	19.02	6.70
PAT/ (LOSS)	(0.97)	16.71	4.46
Share Capital	68.29	68.29	70.49
Reserves	50.28	67.05	91.38
Net Block of Fixed Assets	228.48	211.03	215.32
EPS	(0.14)	2.45	0.63
Net Asset Value	118.57	135.34	161.87

Shareholding Pattern of Triveni Conductors Limited as on 31/03/2007

Sr. No.	Shareholder's Category	No. of Shares	Percentage
1.	Promoter		
	Mr. Surendra Jain	118650	16.83
2.	Relative of promoters	564200	80.05
3.	Others	22000	3.12
	Total	704850	100.00

CIN No.	U31300MP1981LC001744
PAN No.	AABCT2100J

Triveni Conductors is an unlisted company and it has not made any public or rights issue in the preceding three years. The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 and is not under winding up.

Other Details

Public Issue or rights issue in the preceding 3 years	No
Whether the company has become a sick company within the meaning of sick industrial companies (Special Provisions) Act 1985 or is under winding up	No

C. Porwal Udyog

Porwal Udyog is a partnership firm formed by Mr. Utsavlal Jain, Mr. Anandilal Jain & Mr. Kantilal Jain in the year 1961. The office of the Firm is situated at Kanti Mansion, 6-Murai Mohalla, Indore (Madhya Pradesh). The Firm was engaged in the manufacture of Diesel Engines and Pumps till the year 1986. Thereafter it started trading of diesel engine pump sets, electric motors and mono block and other agricultural equipments. During 1991, the partnership firm was taken over by Mr. Mukesh Jain and converted into a proprietary firm.

Financial Performance

Rs. in lacs)

Particulars	2004-2005	2005-2006	2006-2007
Sales/Total Income	0.00	0.17	9.96
PAT/ (LOSS)	(0.14)	0.17	0.38
Proprietor's Capital	(0.13)	0.05	0.43
Net Block of Fixed Assets	-	-	-
Net Asset Value	-	0.05	0.43

Status	Proprietary
PAN	ACWPI8821A



SECTION V: FINANCIAL STATEMENTS

AUDITOR'S REPORT

To,
The Board of Directors
Porwal Auto Components Ltd.,
Indore

Dear Sirs,

We have examined the audited Accounts of the Company for the year ended 31st March 2003, 2004, 2005, 2006 and 2007. We have also examined and found correct the accounts of the Company for the period 1.4.2007 to 30.09.2007 prepared and approved by you.

As required by Para B (1) of Part II of Schedule II to the Companies Act, 1956 and as per guidelines issued by the Securities and Exchange Board of India ('SEBI') in pursuance of subsection (l) of section 11 of the Securities and Exchange Board of India Act, 1992, we have examined the attached restated assets and liabilities of the Company as at March 31, 2003, March 31,2004, March 31,2005, March 31,2006, March 31, 2007 and six month ended on 30th September 2007) and the attached restated profits of the Company for the financial years ended at March 31, 2003, March 31,2004, March 31,2005, March 31,2006, March 31, 2007 and six months ended on 30.09.2007(Annexure-I) and the attached restated cash flow for the financial years ended at March 31, 2003, March 31,2004, March 31,2005, March 31,2006, March 31, 2007 and six month ended on 30.09.2007 respectively (Annexure-IV) together referred to as 'Restated summary statements'. These restated summary statements have been extracted from the audited financial statements after making such adjustments and re grouping as in our opinion are appropriate.

Based on our examination of these summary statements, we confirm that -

- (i) Impact arising on account of changes in accounting policies and estimates has been adjusted with retrospective effect.
- (ii) Prior period items have been adjusted in the restated summary statements to the years to which they relate.
- (iii) Extraordinary items have been disclosed separately in the restated summary statement
- (iv) Qualification in Auditors report in respect of non-provision of deferred tax liability has been adjusted in the summary statement. Qualification in respect of non -provision of leave encashment is not adjusted in the restated summary statements as the amount is not ascertained and management is of the opinion that no such liability on this will occur in future. There is no other qualification in the auditors report requiring adjustments.

Explanatory note on adjustments made to report is enclosed as Annexure III and summary of significant accounting policies adopted by the company pertaining to the audited financial statements for the year ended 31st March 2007 are enclosed as part of Annexure III A to this report.

At your request, we have also examined following other financial information of the Company proposed to be included in the Offer Document approved by you and annexed to this report:

Details of other financial information examined.

Details of Other Income & Other Income including exceptional items	V
Details of rates of dividend	VI
Details of Loans	VII
Details of Investments	VIII
Details of Sundry Debtors	IX
Details of Loans and Advances	X
Details of Contingent Liabilities	XI
Details Related Party transactions	XII
Statement of Accounting ratios	XIII
Statement of tax shelters	XIV
Capitalisation Statement	XV

In our opinion, above financial information of the Company read with Significant Accounting Policies and Notes on Adjustments attached in Annexure III to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of equity shares of the company and is not to be used, referred to or distributed for any other purpose without our written consent.

For ASSG & Associates
Chartered Accountants

Place : Indore
Date : 24.11.2007

Sd/-
Sanjay Gupta
Partner
(M.No. 72073)



Annexure I

STATEMENT OF PROFIT AND LOSS

(Rs. in lacs)

Particulars	For the year ended						Six Months ended
		31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007	30/09/2007
Income							
Sales (Including excise Duty)		1387.30	1908.72	2745.40	2579.45	3397.02	1774.81
Other Income		0.18	0.04	0.00	0.00	0.00	0.00
Increase / (Decrease) in Stock		-0.49	-49.12	-22.33	150.09	66.55	-104.78
Total	A	1386.99	1859.64	2723.07	2729.54	3463.57	1670.03
Expenditure							
Operating expenses		858.79	1220.31	1862.39	1915.68	2365.51	1098.96
Excise Duty		201.17	255.01	404.40	378.25	445.48	191.41
Payments to & Provision for Employees		123.87	125.39	126.88	127.09	156.20	72.95
Administrative & Selling Expenses		50.15	50.94	55.67	57.76	91.15	50.74
Commercial Tax		0.00	0.00	0.00	15.55	126.59	66.62
Interest & Finance Charges		66.04	56.73	36.21	15.70	23.67	60.14
Loss on sale of fixed assets		1.39	0.07	1.57	1.13	0.01	0.00
Preliminary expenses W/O		1.27	1.27	0.00	0.76	0.76	0.00
Depreciation		71.30	80.03	76.48	84.16	105.26	52.60
Total	B	1373.98	1789.75	2563.60	2596.08	3314.63	1593.42
Net Profit before Exceptional items	A-B	13.01	69.89	159.47	133.46	148.94	76.61
Exceptional items				0.02	0.45	0.23	0.00
Net Profit before tax		13.01	69.89	159.47	133.01	148.71	76.61
Current Tax		0.00	4.41	12.55	12.75	15.05	0.00
Deferred Tax		6.65	22.78	1.90	0.00	0.00	0.00
Fringe Benefit Tax		0.00	0.00	0.00	1.36	1.85	1.00
Net Profit as per Audited P/L		6.36	42.70	145.02	118.90	131.81	76.61
Deferred tax		0.00	0.00	51.98	36.85	56.42	0.00
Net Profit as restated		6.36	42.70	93.03	82.05	75.39	75.61
Dividend On equity		0.00	0.00	0.00	0.00	0.00	0.00
Tax on dividend		0.00	0.00	0.00	0.00	0.00	0.00
Transferred to Reserve		6.36	42.70	93.03	82.05	75.39	75.61
Adjustment							
Net Profit as per Audited P/L		6.36	42.70	145.02	118.90	131.81	75.61
Income tax demand adjusted		0.00	0.00	0.00	0.00	0.00	0.00
Prior Period Items		0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax		0.00	0.00	51.98	36.85	56.42	46.33
Net Profit as restated		6.36	42.70	93.03	82.05	75.39	29.38
Balance carried forward as restated		6.36	42.70	93.03	82.05	75.39	29.38

Annexure II

STATEMENT OF ASSETS AND LIABILITY

(Rs. in lacs)

Particulars	As at					Six Months ended
	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007	30/09/2007
ASSETS						
(1) Fixed Assets:						
(a) Gross Block	861.37	973.1	1052.24	2293.33	3424.33	3677.13
(b) Less: Depreciation	357.87	436.69	512.46	593.95	699.05	751.65
Net Block	503.50	536.41	539.78	1699.38	2725.28	2925.48
(2) Capital work in progress & Project expenses pending allocation	0.00	0.00	144.09	0.00	0.00	0.00
(3) Investments:	0.00	0.00	0.00	1.25	1.25	1.25
(4) Current Assets, Loans & Advances						
(a) Inventories	167.91	195.37	187.92	448.22	513.72	332.43
(b) Cash & Bank balances	20.63	22.09	1.77	1.94	1.81	1.90
(c) Sundry Debtors	118.92	65.04	65.86	50.29	101.34	222.46
(d) Loans & Advances	49.27	79.1	62.20	357.67	371.27	304.58
	356.73	361.6	317.76	858.12	988.14	861.37
A. TOTAL ASSETS (1+2+3+4)	860.23	898.01	1001.62	2558.75	3714.67	3788.10
Less: Liabilities and provisions						
(1) Loan Funds:						
(a) Secured Loans	382.83	306.22	161.04	742.70	1305.60	1447.88
(b) Unsecured Loans	285.52	330.74	389.39	398.43	634.44	581.84
(c) Current Liabilities	147.09	146.01	143.96	250.72	479.15	412.74
(d) Provisions	3.78	7.27	12.55	12.75	15.05	15.05
B. Total (a+b+c+d)	819.22	790.24	706.94	1404.60	2434.24	2457.51
Net worth before deferred tax liability (A-B)	41.01	107.77	294.68	1154.15	1280.43	1330.59
Deferred Tax Liability/Asset(-)	-24.68	-1.90	51.98	88.84	145.26	191.59
Adjusted Net worth	65.69	109.67	242.70	1065.31	1135.18	1139.00
Represented by;						
(a) Capital	210.00	210.00	210.00	1010.00	1010.00	1010.00
(b) Reserves & Surplus	-143.04	-100.33	-7.30	74.75	150.14	179.42
(c) Preliminary expenditure to the extent of not written off	-1.27	0.00	0.00	-19.44	-24.96	-50.42
(d) Share Application Money	0.00	0.00	40.00	0.00	0.00	0.00
Adjusted Net worth	65.69	109.67	242.70	1065.31	1135.18	1139.00



ANNEXURE III

NOTES ON ADJUSTMENTS MADE ON RESTATED FINANCIAL STATEMENTS

1. **Change in Accounting Policies**

Accounting Standard 22, ('As-22') Accounting for taxes on Income' Issued by the ICAI was applied by the Company in preparing the accounts for the year ended March 31, 2002 and subsequent years.

2. **Current Tax impact of adjustments**

There is no major impact on current tax on account of restatement of profitability and as such no such adjustment is made in the restated summary statements.

3. **Regrouping**

Financial statements, which were elaborative, was summarized and re-grouped in the restated summary statements for better investors prospective. Salary,. Wages and other benefits related to workers and administrative staff which were classified under operative expenses and administrative and selling expenses were re grouped in to payment & provision to employees. Excise duty, grouped under operating expenses, is shown separately.

4. **Qualification in Auditors report**

Auditors report for the six months period, contains qualification regarding non provision of deferred tax liability Rs. 191.59 lacs, which is adjusted in the restated summary statement. Also deferred Tax liability, which is not provided for the period from 01.04.2007 to 30.09.2007 Rs. 46.33 lacs (Approx) has been adjusted in the re-stated summary statements.

ANNEXURE III A

A. **Significant accounting policies**

1. **Basis of Accounting:**

The financial statements have been prepared on the historical cost convention and in accordance with normally accepted accounting principles on going concern basis and accounting standards issued by ICAI following mercantile system of accounting. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles

2. **Fixed Assets and CENVAT credit on capital goods:**

Fixed Assets are stated at cost of acquisition or construction (Net of CENVAT Credit Availed) less accumulated depreciation. Cost comprises the purchase price and other attributable costs. CENVAT credit availed but not adjusted against excise duty payment is treated as CENVAT Credit receivable and shown under "Loans and Advances".

3. **Depreciation:**

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on assets purchased/Constructed/sold during the year has been provided on pro-rata basis. No depreciation is provided on leasehold land.

4. **Investments**

Investments classified as long term investments are stated at cost. Provision for diminution, if any , in the value of long term investments is made to recognize a decline other than temporary in the fair value of investments. The fair value of a long term investment is ascertained with reference to its market value, investee's assets and results and the expected cash flows from the investments as well as the strategic importance to the Company. Current investments are valued at lower of cost and fair market value.

5. **Inventories:**

Inventories of raw materials, work in progress and stores and spares are stated at cost. Finished goods are stated at lower of cost or net realizable value.

6. **Turnover:**

Turnover includes excise duty recovered.

7. **Recognition of Income & Expenditure:**

These are accounted on accrual basis except leave encashment liability, which is accounted on payment basis.

8. **Preliminary and Share Issue expenses:**

Preliminary and share issue expenses are amortized equally over a period of 10 years

9. **Retirement Benefits**

The company has obtained Group Gratuity Insurance policy from LIC of India to cover its Gratuity liability and is making annual payment of the liability calculated by them.Provident Fund Cost is accounted as per provisions of the said Act. However, leave encashment liability is accounted for on cash basis.

10. Taxation

Provision for tax (tax expense) is made considering both current and deferred taxes. Provision for current tax is made at current income tax rates based on assessable income. Provision for deferred tax is made based on the tax effect of timing differences resulting from the recognition of items in the financial statements and in estimating its current tax provision. Deferred tax assets are recognized if there is reasonable certainty of realization. The effect of change in tax rates on deferred taxes is recognized in the Profit and Loss Account in the period that includes the enactment date.

11. Provisions for Contingent Liabilities

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligation. Contingent liabilities are disclosed by way of note in the financial statements after careful evaluation by the Management of the facts and legal aspects of the matter involved

Annexure IV

CASH FLOW STATEMENT

(Rs. in lacs)

Particulars	31/3/2003	31/3/2004	31/3/2005	31/3/2006	31/3/2007	30/9/2007
A. Cash Flow from Operating activities						
Net profit Before Taxation	13.01	69.89	159.46	133.46	148.94	76.61
Adjustment for:						
Depreciation	71.30	80.03	76.49	84.16	105.26	52.60
Preliminary expenses	1.27	1.27	0.00	0.76	0.76	0.00
Loss on sale of fixed assets	1.39	.07	1.57	1.13	0.01	0.00
Interest & Finance Charges	66.04	56.73	36.21	15.70	23.67	60.14
Total	153.01	207.99	273.73	235.21	278.64	189.35
Operating profit before working capital changes	153.01	207.99	273.73	235.21	278.64	189.35
Adjustment for:						
Increase(-)/Decrease(+) in Sundry Debtors	-15.16	53.88	-0.82	15.57	-51.05	-121.13
Increase(-)/Decrease(+) in Loans & Advances	-8.66	-29.83	16.90	-295.48	-13.59	66.70
Increase (-)/Decrease(+) in Inventories	-7.18	-27.46	7.45	-260.30	-65.50	181.29
Increase(+)/Decrease(-) in Sundry Creditors & Other liabilities	13.46	-1.99	-4.91	106.76	230.72	-66.41
Total	-17.54	-5.40	18.62	-433.45	100.58	60.45
Cash from operations	135.47	202.59	292.35	-198.24	379.22	249.80
Income Tax paid	0.00	0.00	-4.41	-14.36	-17.13	-1.00
Net cash from operating activities	135.47	202.59	287.94	-212.60	362.09	248.80
B Cash flow from Investing Activities						
Purchase of Fixed assets	-89.58	-117.47	-228.67	-1108.08	-1131.22	-252.81
Purchase of Investments	0.00	0.00	0.00	-1.25	0.00	0.00
From Share Capital	1.27	0.00	0.00	0.00	0.00	0.00
Proceeds from sale of Fixed assets	2.68	4.46	3.16	7.28	0.05	0.00
Net cash from Investing activities	-85.63	-113.01	-225.51	-1102.05	-1131.17	-252.81
C Cash flow from financing activities						
Proceeds from Long term Borrowings	-83.50	-56.62	-91.11	569.93	436.92	50.61
Vehicle Loan	1.88	-21.17	13.5	2.32	-7.23	-2.60
Unsecured Loan	59.43	45.22	58.64	9.05	236.01	-52.60
Increase (+) / Decrease (-) in Short term Borrowings	42.68	1.19	-67.57	9.41	133.21	94.27
Interest on borrowings	-66.04	-56.73	-36.21	-15.70	-23.67	-60.14
Dividend paid	0.00	0.00	0.00	0.00	0.00	0.00
Cash Flow from Share Application money	0.00	0.00	40.00	760.00	0.00	0.00
Public Issue Expenses	0.00	0.00	0.00	-20.20	-6.29	-25.45
Net Cash flow from Financing Activities	-45.55	-88.11	-82.75	1314.81	768.95	4.09
Net Increase/Decrease in Cash & cash equivalents	4.29	1.47	-20.32	0.16	-0.13	0.08
Opening Cash & Cash Equivalents	16.33	20.63	22.09	1.77	1.94	1.82
Closing Cash & Cash Equivalents	20.63	22.09	1.77	1.94	1.81	1.90

**Annexure V****DETAILS OF OTHER INCOME****(Rs. in lacs)**

Particulars	For the year ended					Six Months ended
	31/03/2003	31/03/2004	31/03/2005	31/03/2006	31/03/2007	30/09/2007
Job work receipt	0.18	0.04	0.00	0.00	0.00	0.00
Total other income	0.18	0.04	00	0.00	0.00	0.00
Exceptional item						
Interest liability W/O	0.00	0.00	0.00	0.00	0.00	0.00
Compensation against market supply	0.00	0.00	0.00	0.00	0.00	0.00
Total exceptional item	0.00	0.00	0.00	0.00	0.00	0.00

Annexure VI**STATEMENT OF DIVIDEND PAID****(Rs. in lacs)**

Particulars	For the year ended					Six Months ended
	31/3/2003	31/3/2004	31/3/2005	31/3/2006	31/3/2007	30/9/2007
No. of equity Shares of Rs.10 each	2100000	2100000	2100000	10100000	10100000	10100000
Rate of dividend on equity shares	0	0	0	0	0	0
Amount of Dividend (Rs.) on equity shares	0	0	0	0	0	0
Dividend tax (Rs.)	0	0	0	0	0	0
Total Payout (Rs.)	0	0	0	0	0	0

Annexure VII**DETAILS OF LOAN****(Rs. In lacs)**

Unsecured Loans	As at					Six Months ended
	31/3/2003	31/3/2004	31/3/2005	31/3/2006	31/3/2007	30/9/2007
From Directors & Relatives	80.19	86.09	60.19	3.16	0.44	2.75
From Body corporate	10.00	0.00	0.00	2.94	250.00	220.00
Sales Tax deferment	195.33	244.65	329.20	392.33	384.00	359.09
Total	285.52	330.74	389.39	398.43	634.44	581.04

Unsecured Loans	As at					Six Months ended 30/9/2007
	31/3/2003	31/3/2004	31/3/2005	31/3/2006	31/3/2007	
Secured Loan						
(a)Term Loans from Banks / Financial Institutions						
SIDBI	122.50	87.5	52.50	17.50	0.00	0.00
State Bank Of India	57.60	56.11	0.00	0.00	0.00	0.00
State Bank Of Indore	0.00	0.00	0.00	604.93	1059.35	1109.95
Interest accrued	20.13	0.00	0.00	0.00	0.00	0.00
Interest accrued But not due	0.00	0.00	0.00	0.00	0.00	0.00
Total (a)	200.23	143.61	52.50	622.43	1059.35	1109.95
(b)Working Capital Loans						
From State Bank Of India	176.68	155.51	87.93	97.34	230.55	324.83
Total (b)	176.68	155.51	87.93	97.34	230.55	324.83
(c) Vehicle Loan						
From ICICI Bank	5.92	7.11	20.61	22.93	13.32	7.83
From HDFC Bank	0.00	0.00	0.00	0.00	2.38	5.27
Total (a+b+c)	382.83	306.23	161.04	742.70	1305.60	1447.88

Annexure VIII

DETAILS OF INVESTMENTS

Particulars	As at					Six Months ended 30/9/2007
	31/3/2003	31/3/2004	31/32/2005	31/3/2006	31/3/2007	
Pithampur Auto Cluster Ltd. (share application Money)	0.00	0.00	0.00	1.25	1.25	1.25

Annexure IX

SUNDRY DEBTORS (UNSECURED)

(Rs. in lacs)

Particulars	As at					Six Months ended 30/09/2007
	31/3/2003	31/3/2004	31/3/2005	31/03/2006	31/03/2007	
Over Six months	0.11	3.21	1.13	0.90	2.23	5.73
Other debts	118.81	61.83	64.73	49.39	99.11	216.73
	118.92	65.04	65.86	50.29	101.34	222.46
Less : Provision for doubtful debts	0.00	0.00	0.00	0.00	0.00	0.00
Total	118.92	65.04	65.86	50.29	101.34	222.46

**Annexure X****LOANS AND ADVANCES****(Rs. in lacs)**

Particulars	31/3/2003	31/3/2004	31/3/2005	31/03/2006	31/03/2007	30/09/2007
Loans & Advances (Unsecured considered Good)						
Deposits	29.50	33.46	30.70	45.35	80.91	70.88
Advances staff	2.02	3.07	2.51	2.94	5.01	10.40
Advance for capital Goods	6.53	5.56	0.00	177.22	96.89	75.38
Trade advances	4.95	28.33	2.30	27.53	101.24	102.60
Other Balances *	6.27	8.68	26.68	104.64	87.22	45.32
Total	49.27	79.10	62.19	357.68	371.27	304.58

* Other balance include prepaid expenses, interest accrued, balance with government departments, TDS, other advances etc

Annexure XI**CONTINGENT LIABILITY****Contingent liability not provided for****(Rs. in lacs)**

Particulars	As at					Six Months ended
	31/3/2003	31/3/2004	31/3/2005	31/3/2006	31/3/2007	30/9/2007
Disputed ESIC Demand	0.00	0.73	0.73	0.73	0.73	0.73
Guarantee given by the Bank	0.00	1.50	3.57	3.57	3.57	3.57
Income tax disputed in appeal	0.00	0.00	0.00	0.00	0.00	0.00

Annexure XII**RELATED PARTY TRANSACTIONS****A. LIST OF RELATED PARTIES AND RELATIONSHIP****1. Key Managerial Personnel**

Mr. Devendra Jain, Managing Director

2. Relatives of Key Management Personnel

Smt. Manju Jain	Wife
Ms. Reema Jain	Daughter
Ms Ritu Jain	Daughter
Mr. Mukesh Jain	Brother
Mr. Surendra Jain	Brother
Mr. Gajendra Jain	Brother
Mr. Shailesh Jain	Brother
Mrs. Chandan Bai Jain	Mother
S/s Mukesh Jain HUF	HUF
S/s Surendra Jain HUF	HUF
S/s Gajendra Jain HUF	HUF
S/s Shailesh Jain HUF	HUF

3. Parties where control exists –

M/s Porwal Udhyog (India) (Proprietorship Firm of Mr. Mukesh Jain, Director)

S.No	Nature of Transactions	As at 31 st March					
		With Key Management Personnel					
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (Six Months)
1	Remuneration & Allowances	7.8	11.4	18.6	26.20	30.00	13.80
2	Interest Paid	4.29	6.55	7.06	7.33	0.22	0.00
3	Loan received	22.53	23.6	11.07	55.93	8.11	2.88
4	Loan repaid	21.87	17.29	38.74	88.82	10.84	0.57

B. TRANSACTIONS WITH RELATED PARTIES DURING THE LAST FIVE YEARS

(Rs. in Lacs)

Particulars	Key Management Personnel	Entities owned or significantly influenced by Key Management Personnel/Director	Relative of Key Management Personnel/Director	Associate and subsidiary Companies
		2007-08 (Six Months)		
Salary	4.50	0.00	9.30	0.00
Interest paid	0.00	0.00	0.00	0.00
		2006-07		
Salary	9.00	0.00	21.00	0.00
Interest paid	0.00	0.00	0.22	0.00
		2005-06		
Salary	8.40	0.00	17.80	0.00
Interest paid	0.17	0.00	7.16	0.00
		2004-05		
Salary	7.20	0.00	11.40	0.00
Interest paid	0.77	0.00	6.29	0.00
		2003-04		
Salary	4.80	0.00	6.60	0.00
Interest paid	0.14	0.00	6.41	0.00
		2002-03		
Salary	4.50	0.00	3.30	0.00
Interest paid	0.03	0.00	4.26	0.00



C. Nature of Transactions during the year with Key Managerial personnel and his relatives:

(Rs. in Lacs)

Nature of Transaction	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (Six months)
Shri Devendra Jain	4.50	4.80	7.20	8.40	9.00	4.50
Shri Surendra Jain	3.30	3.60	0.00	4.00	6.00	3.00
Shri Mukesh Jain	0.00	0.00	6.00	7.20	7.80	3.90
Shri Shailesh Jain	0.00	3.00	5.40	6.60	7.20	2.40
Total	7.80	11.40	18.60	26.20	30.00	13.20
Interest Paid on Loan Received						
Directors						
Shri.Mukesh Jain	0.08	0.14	0.34	0.18	0.12	0.00
Shri Surendra Jain	0.00	0.00	0.00	0.03	0.10	0.00
Shri.Devendra Jain	0.03	0.44	0.77	0.18	0.00	0.00
Relatives						
Shri.Gajendra Jain	0.37	0.33	0.43	0.07	0.00	0.00
Shri Shailesh Jain	1.03	0.38	0.78	0.76	0.00	0.00
Smt. Chandan Bai Jain	1.51	1.55	1.23	0.11	0.00	0.00
Smt . Premlata Jain	0.00	0.00	0.00	0.38	0.00	0.00
Smt. Manju Jain	0.55	0.59	0.62	0.44	0.00	0.00
Smt. Sunita Jain	0.00	0.00	0.00	0.43	0.00	0.00
Smt. Pramila Jain	0.00	0.00	0.00	0.46	0.00	0.00
Shri Atin Jain	0.00	0.00	0.00	0.06	0.00	0.00
Mrs. Cherry Jain	0.00	0.00	0.00	0.04	0.00	0.00
Mrs. Reema Jain	0.47	0.29	0.19	0.17	0.00	0.00
Ms. Shikha Jain	0.00	0.00	0.00	0.03	0.00	0.00
Ms Riti Jain	0.25	0.26	0.00	0.00	0.00	0.00
Ms. Sejal Jain	0.00	0.26	0.00	0.14	0.00	0.00
Ms. Arshi Jain	0.00	0.00	0.00	0.61	0.00	0.00
Anish Jain	0.00	0.00	0.00	0.00	0.00	0.00
Smt. Parul Jain	0.00	0.00	0.00	0.15	0.00	0.00
Mukesh Jain HUF	0.00	0.48	0.58	0.53	0.00	0.00
Surendra Jain HUF	0.00	0.53	0.64	0.53	0.00	0.00
Shailesh Jain HUF	0.00	0.16	0.19	0.18	0.00	0.00
Devendra Jain HUF	0.00	0.57	0.60	0.59	0.00	0.00
Gajendra Jain HUF	0.00	0.57	0.69	0.59	0.00	0.00
Richa Jain	0.00	0.00	0.00	0.19	0.00	0.00
Rohan Jain	0.00	0.00	0.00	0.06	0.00	0.00
Smt .Pushpa Jain	0.00	0.00	0.00	0.42	0.00	0.00
Total	4.29	6.55	7.07	7.34	0.22	0.00

Annexure XIII

STATEMENT OF ACCOUNTING RATIOS

Particulars	For the year ended					Six Months ended
	31/3/2003	31/3/2004	31/3/2005	31/3/2006	31/3/2007	30/9/2007
Profit after Tax (In Lacs)	6.36	42.70	93.03	82.05	75.39	75.61*
No of equity shares (Weighted average)	2090122	2100000	2100000	10100000	10100000	10100000
EPS BASIC and Diluted (Rs.Per share)	0.30	2.03	4.43	0.81	0.74	0.74
Return on Networth						
(RONW)(%)	9.68	38.90	38.33	7.70	6.64	6.63
Net Asset Value per share (RS.)	3.13	5.22	11.55	10.54	11.23	11.27
(NAV) lacs.	65.69	109.67	242.7	1065.31	1135.18	1139.00

*Considered without provision of tax

Formula:

1. Earnings per share(Rs.) =
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$$
2. Net Asset Value per share (Rs.) =
$$\frac{\text{Net Worth excluding revaluation reserve at the end of the period/year}}{\text{Weighted average number of equity shares outstanding during the period}}$$
3. Return on Net Worth (%) =
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Net Worth excluding revaluation reserve at the end of the period/year}}$$

Annexure XIV

TAX SHELTER STATEMENT

Particulars	For the year ended				
	31/3/2003	31/3/2004	31/3/2005	31/3/2006	31/3/2007
Tax Rate (including surcharge & Cess)	36.75%	35.88%	36.59%	33.66%	33.66%
Profit as per Profit & Loss Account	13.01	69.89	159.47	133.46	148.94
Tax at Notional rate	4.78	25.08	58.35	44.92	50.13
Adjustments					
Difference between Tax Depreciation and Book Depreciation	5.16	4.90	1.34	-68.73	-168.28
Disallowance of interest U/S 43 B	0.00	0.00	0.00	0.00	0.00
Other disallowance	0.00	2.32	1.83	1.24	0.11
Total Disallowance	5.16	7.17	3.17	67.49	168.17
Deduction allowed					
Interest Under 43(B)	30.37	-20.13	0.00	0.00	0.00
Other deduction	1.35	-1.82	0.00	0.05	0.00
Carry forward Business loss & Depreciation	0.00	-55.16	162.64	30.01	0.00
Total deduction	31.52	77.11	162.64	30.06	0.00
Tax saving there on	4.78	20.58	58.35	44.92	50.13



Annexure XV

STATEMENT OF CAPITALISATION

(Rs. in lacs)

Particulars	Pre-issue as at March 31, 2007	As adjusted for the issue
A. Total Debts	1940.04	1940.04
B. Short Term Debts		
- Working Capital Facilities	230.55	230.55
- Unsecured Loans	634.44	634.44
C. Long Term Debts (A-B)	1075.05	1075.05
D. Shareholders Funds (Equity)		
Equity share capital	1010.00	1510.00
Reserves and surplus (net of revaluation reserve, debit balance in the profit and loss account and miscellaneous expenditure to the extent not written off or adjusted)	125.18	*
Total	1135.18	*
E. Long Term Debts / Equity (C/D)	0.95	*

* Information pertaining to post issue can be ascertained only after finalization of issue price.

PRINCIPAL TERMS OF TERM LOAN & CREDIT FACILITY

Sr. no	Name of lender	Facility	Date of Sanction Letter	Sanctioned amount(Rs. in Lacs)	Rate of Interest	Repayment schedule	Security
1	State Bank of Indore	Term Loan	15 th July 2005	1200.00	1.75% below BPLR	The original schedule of repayment has been revised vide letter dated 6 th September 2006 in terms of which the loan is to be repaid in the following manner (exclusive of Rs.50 L paid in terms of the original schedule of repayment) April 2007 to August 2007 – Rs 50L @ Rs. 10/-L per month September 2007 to March 2008 – Rs 105L @ Rs.15L per month April 2008 to March 2011 – Rs. 900L @ Rs.25 L per month	To be secured by 1 st pari passu charge over the fixed assets of the company by way of hypothecation of plant and machinery and equitable mortgage of land and building, which had already been mortgaged to SIDBI and a second charge over the current assets. In addition, the facility is to be secured by the personal guarantees of Mr. Devendra Jain and Mr. Mukesh Jain, Directors of the Company.
2	State Bank of India, Indore	Cash credit, issue of Bank Guarantees and Letters of credits	08 th July 2006	275.00(Cash Credit Limit)20.00 (Letter of Credit)20.00 (Bank Guarantee)	1.25% below SBAR with a monthly minimum of 11%	Payable on demand	To be secured by way of hypothecation over the company's movable properties, both present and future. the facility is secured by the personal guarantees of Mr.Surendra Jain, Mr. Devendra Jain and Mr. Mukesh Jain, Directors of the Company.

Details of terms and conditions of unsecured loans

Unsecured loan from Body corporate:

The company has taken an interest free advance of Rs. 250.00 lacs from Eicher Motors Limited.

The said loan will be recoverable as per following schedule

Rs. in lacs

Period	Installment	No. of Installments	Total Amount
April '07 to Jan '08	5.00	10	50.00
Feb'08 to Sep ' 09	10.00	20	200.00
Total		30	250.00



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

PACL was incorporated in the year 1992 and has started commercial production since the year 1995. PACL is engaged in the manufacturing of S.G. (Ductile) Iron and Grey Cast Iron Castings and components primarily for the automobile sector. PACL has its manufacturing facilities at Pithampur district, 30 Kms away from Indore. PACL started with an initial capacity of 3600 MT per annum and presently has an installed capacity of 9000 MT per annum which is being increased to 27600 MT per annum through the proposed expansion programme.

Significant developments subsequent to the last financial year

The Board is of the opinion that there have not arisen any circumstances since the date of the last financial statements as disclosed in the prospectus which materially and adversely affect or is likely to affect the sales or profitability of the company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

Factors that may affect results of operations

The Company has embarked upon an expansion project to increase the existing capacities of the company. Timely commencement of commercial operations of the project will have a critical bearing on the financial performance of the Company. Any delay in the completion or beginning of the production may adversely impact the results of the operations of the Company.

Discussions on Results of operations:

You should read the following discussion of our financial condition and results of operations together with our financial statements, as restated, for each of the fiscal years ended March 31, 2004, 2005, 2006 and 2007 including the notes thereto and the reports, schedules and annexure thereon, which appear in the Auditor's Report on page no.70 of this Offer Document. These financial statements are prepared in accordance with Indian GAAP and the Companies Act and are restated in accordance with SEBI Guidelines.

(Rs. in lacs)

Particulars	31/03/2004	31/03/2005	31/03/2006	31/03/2007
Sales (including excise duty)	1908.72	2745.40	2579.45	3397.02
Other Income	0.04	0.00	0.00	0.00
Gross Income	1908.76	2745.40	2579.45	3397.02
Depreciation	436.69	512.46	593.95	699.05
Depreciation as % of Sales	22.88	18.67	23.03	20.58
Interest & Finance Charges	56.73	36.21	15.70	23.67
Interest & Finance Charges as % of Sales	2.97	1.32	0.61	0.70
Profit / (loss) before Tax	69.89	159.46	133.46	148.94
Profit / (loss) before Tax as % of Sales	3.66	5.81	5.17	5.77
Taxation (incl. Deferred & Fringe Benefit Tax)	27.19	66.43	50.96	71.32
Profit / (loss) after tax	42.7	93.04	82.5	75.62

Note: Figures have been regrouped wherever necessary to make the data comparable

Comparison of Financial Results of 31/3/2006 & 31/3/2007

Sales

The net sales has increased from Rs. 2579.45 lacs in the financial year ended 31/03/2006 to Rs.3397.02 lacs in the financial year ended 31/03/2007 which is a rise of 31.70%. This rise can be attributed to the increase in installed capacity of the Company from 5970 MT to 7400 MT and also to the growth in automobile industry.

Depreciation

The Depreciation charged in the Financial Year ended 31/03/2007 is more as compared to the one charged in previous year ended 31/03/2006 by 25.00%. This was due to the additions in fixed assets made by the company during Financial Year 2006-07.

Interest & Finance cost

There has been an increase in the interest cost due to the increase in loans arising out of the expansion project; hence increasing the Interest & Finance cost from Rs. 15.70 to Rs. 23.67 for the Financial Year ended 31/03/2007 i.e.; a net increase of 50.76% as compared to the financial year ended 31/03/2006. This was due to increase in working capital and term loan interest cost.

Profit & loss Account:

The profit before tax as on 31/03/2007 has increased to Rs. 148.94 lacs from Rs. 133.46 lacs i.e.; an increase of 11.60% arising out of an increase in the turnover achieved by the company.

Comparison of Financial Results of 31/3/2005 & 31/3/2006

Sales

The net sales has decreased from Rs. 2745.40 lacs in the financial year ended 31/03/2005 to Rs.2579.45 lacs in the financial year ended 31/03/2006. Since, selling price is directly linked to major raw material cost which is determined on quarterly/half yearly basis depending on the customer to customer. In spite of increase in production and sales in tonnage for the year FY 2005-06, the turnover in value had reduced because of the increase in the prices of raw materials for the FY 2004-05.

Depreciation

The Depreciation charged in the Financial Year ended 31/03/2006 is more as compared to the one charged in previous year ended 31/03/2005 by 15.90%. This was due to the additions in fixed assets made by the company during Financial Year 2005-06.

Interest & Finance cost

The Interest & Finance cost has decreased from Rs. 36.21 to Rs. 15.70 for the Financial Year ended 31/03/2006 i.e.; a net decrease of 56.64% as compared to the financial year ended 31/03/2005. The said decrease was in terms of the Loan amounting to Rs. 86.54 lacs paid back by the company in the Financial Year 2003-04.

Profit & loss Account:

The profit before tax as on 31/03/2006 has decreased to Rs. 133.46 from Rs. 159.46 i.e.; a decrease of 16.31% arising out of a decrease in the sales volume of the final product.

Comparison of Financial Results of 31/3/2004 & 31/3/2005

Sales

The Company increased its installed capacity of C.I. and S.G. Iron castings from 4080 units as on 31/03/2004 to 5970 units as on 31/03/2005, which lead to an increase in the turnover of goods produced and there by an increase in sales of the Company. The sales for the year ended 31/03/2005 increased to Rs. 2745.40 lacs from Rs. 1908.72 lacs for the financial year ended 31/03/2004 i.e.; by 43.83%.

Depreciation

The depreciation charged for the financial year ended 31/03/2005 was more as compared to the one charged for the financial year ended 31/03/2004 by 17.35% which was on account of the addition of Rs. 84.58 lacs in its Gross Block.

Interest & Finance cost

The Interest & Finance cost for the financial year ended 31/03/2005 has decreased by 36.17% as compared to the financial year ended 31/03/2004. The said decrease was on account a reduction in the amount of secured loans by Rs. 145.18 lacs arising out of its part payment.

Profit & loss Account :

The profit before tax has increased from Rs. 69.89 to Rs. 159.46 i.e.; an increase of 128.16%, due to an increase in the total turnover achieved by the company for the financial year ended 31/03/2005, as compared to the previous year under comparison.



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 which may affect results of operations of the Company.

❖ **Significant economic changes**

Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could adversely affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

❖ **Known trends and uncertainties**

There are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of the company from continuing operations.

❖ **Dependence of revenue on sales volume, new products and stores**

Increase in revenues are linked to an increase in volume of business activity carried out by the company.

❖ **Turnover of industry segment in which the company operates**

The Company is operating only in one segment, namely foundry industry and the total sales pertaining to past financial years have been raised from such activities. In the year 2005-06 the production of the industry has crossed 5 million Tons and the turnover has crossed Rs.24,000 crores.

❖ **Status of any publicly announced new products or business segment**

The revenue depends directly on the number of units sold and its prices. Increase in profitability is directly proportional to increase in volumes.

❖ **Seasonality of the business**

The business of the company is not seasonal in nature. The revenues of the Company are dependent on Automobile & Tractor Industry

❖ **Dependence on single or few suppliers / customers**

The Company sources its raw materials from a number of suppliers and is not under threat from excessive dependence on any single supplier. However, Eicher presently accounts for approximately 90% of the Company's total turnover.

❖ **Competitive conditions**

For details of competitive conditions please refer to page no 47 of this Offer Document.

SECTION VI: LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

The Issuer Company certifies that except as stated herein, there are no

- (a) there are no pending proceedings for offences for non-payment of statutory dues by the promoters of the Company.
- (b) there are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- (c) there are no pending litigation against the promoters/ directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- (d) there are no pending proceedings initiated for economic offences against the Directors, Promoters, Companies and firms promoted by the promoters.
- (e) there are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- (f) there are no litigation against the promoters / Directors in their personal capacity.
- (g) the Company, its promoters and other Companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.

1. Under Criminal Law

Case No.	Name of the party who has filed the case	Last date of hearing	Next date of hearing	Brief Particulars of the case
2486/2006, District Court, Dhar	Government Police, Pithampur	15.11.2007	08.01.2008	One unknown girl entered the factory premises of the Company, after working hours on 23/03/2005 and fell from the compound wall of the factory and died. Complaint has filed under section 304A of the Indian Penal Code.
2485/2006, District Court, Dhar	Government Police, Pithampur	15.11.2007	08.01.2008	Mr. Salim Khan, a worker employed by the Company on 17/11/2005 while at work. Complaint has been filed under section 304A of Indian Penal Code.

Criminal Cases filed by the Company/ Promoter/ Director/Other Ventures of the Company

-Nil-

2. Under Factories Act

Case No.	Name of the party who has filed the case	Last date of hearing	Next date of hearing	Brief Particulars of the case
1694/2005, Factory District Court, Dhar Act	Inspector, Industrial Health & Safety	15.11.2007	08.01.2008	Mr.Kashiram, a worker employed by the Company was injured while at work. Complaint has been filed under the relevant provisions of the Factories Act for alleged violation of the provisions of the Factories relating to safety of the workmen.
1695/2005, District Court, Dhar	Factory Inspector, Industrial Health & Safety	15.11.2007	08.01.2008	Mr.Salim, a worker employed by the Company was injured while at work. Complaint has been filed under the relevant provisions of the Factories Act for alleged violation of the provisions of the Factories Act relating to safety of the workmen.
457/2006, District Court, Dhar	Mr.Kashiram	14.11.2007	10.01.2008	Mr.Kashiram, a worker employed by the Company met with an accident while on duty and he has filed a case claiming compensation. The Petition does not mention the claim amount.



3. Cases Filed Against the Company under Labor Law

Several cases have been filed against the Company under the Madhya Pradesh Industrial Relation Act for various relief. The details are given below:

Case No.	Name of the party who has filed the case	Last date of hearing	Next date of hearing	Brief particulars of the case
100/MPIR/2002	Mr.Upendra Tiwari	15.10.2007	12.12.2007	An enquiry was initiated by the Company for misconduct against the applicant, who was an then an employee. After the enquiry, the Company passed an order terminating the services of the employee. This order has been challenged in the present proceedings.
06/MPIR/06	Mr.Manohar Pawar	08.10.2007	03.12.2007	The Company issued an order terminating the services of the employee. The order was issued orally, which has been challenged in these proceedings.
43/MPIR/06	Mr.Kamal Raghuwanshi	08.10.2007	03.12.2007	The Company issued an order terminating the services of the employee. The order was issued orally, which has been challenged in these proceedings.
02/MPIR/06	Porwal Auto Components Shamik Sangh	06.08.2007	10.01.2008	132 workers were absent from work without giving notice. Hence the Company deducted an aggregate sum of Rs.1,83,655/- from their wages for 16 days. The workers from whose wages the amount was deducted has filed a petition raising an industrial dispute.
90/MPIR/03	Mr.Arvind Kumar Singh	09.10.2007	04.12.2007	An enquiry was initiated by the Company for misconduct against the applicant, who was an then an employee. After the enquiry, the Company passed an order terminating the services of the employee. This order has been challenged in the present proceedings.
02/MPIR/05	Mr.Ramphal Sharma	01.10.2007	03.12.2007	Mr.Ramphal Sharma, a worker was suspended for misbehavior and was suspended for a period of 43 days and a sum of Rs.5711/- was deducted from his wages. Mr Sharma has filed the petition against such suspension and the consequent deduction of the amount.
88/MPIR/05	Porwal Auto Components Shamik Sangh	14.11.2007	05.12.2007	The services of 72 workers engaged by a contractor employed by the Company were terminated by the Contractor. The workers' union has filed a Petition against the Company seeking re-instatement on the ground that they are the workers of the Company.
93/MPIR/05	Mr.Ramphal Sharma	06.11.2007	10.12.2007	An enquiry was initiated by the Company for misconduct against the applicant, who was an then an employee.

				After the enquiry, the Company passed an order terminating the services of the employee. This order has been challenged in the present proceedings.
18/MPPIR/2006	Mr.Manoj Tiwari	12.09.2007	04.12.2007	Mr. Manoj Tiwari, a worker without reporting for duty, has filed a petition seeking a direction to the Company to permit him to enter the factory and to discharge his duty, alleging that the Company was not allowing him to enter the factory. The Company has contested the Petition. The Petition was dismissed for default of appearance of Mr.Manoj Tiwari and he has filed an application seeking restoration of his petition

3. Under Income Tax Act.

a. Appeal(s)/Case(s) made by the Company

For the Assessment year 1995 –1996, the Company filed a return claiming a loss of Rs.31,87,470/-. The Assessment Officer assessed the amount of loss at Rs.10,07,421. Against the order of assessment, the Company has filed an appeal before the Commissioner of Income Tax- Appeals, Indore. The appeal is pending.

b. Appeal(s)/Case(s) against the Company

Nil

4. Case Filed Against the Company by Employees' State Insurance Corporation

Employees' State Insurance Corporation has filed a case against the Company under section 75 of the Employees State Insurance Act, 1948 seeking recovery of Rs.73,071/- being the difference between the amount calculated by the Company and ESI Corporation. The Company is contesting the claim on the ground that the amount calculated by the ESI Corporation is not correct. The last date of the hearing was on 8th October 2007 and the next date of hearing is on 10th January 2008

5. List of creditors of small scale undertakings that owes a sum exceeding Rs. 1 lac which is outstanding more than 30 days as on 30/09/2007

(Rs. in lacs)

S.NO.	NAME OF THE PARTY	AMOUNT
1	Mineral Pulverising Mills P. Ltd	9.07
2	Shree Kedar Metal Foundries	7.13
3	Goyal Industries	4.74
4	Steel Cast Aid	4.59
5	Seimitsu Pattern & Dies P.Ltd	3.69
6	Sonu Industries	3.50
7	Vikas Auto Components	3.04
8	Porwal Diesel P.Ltd.	2.22
9	S.V.Commercial	2.18
10	Afcil Industries Ltd	1.58
11	Nipun Alloys Industries	1.31
12	M& M (India) Products	1.28
13	Hi-Tech	1.05
14	Kutch Minerals	1.04
15	T.S.Foundries' Equipments P. Ltd	1.01



OUTSTANDING LITIGATIONS AGAINST GROUP COMPANIES

FLAG VITAWAS LIMITED

Cases/Suits (including consumer disputes) filed against Flag Vittawas Limited:

There is no legal/criminal/any other case pending against the above Company and its Directors

TRIVENI CONDUCTORS LIMITED

Cases/Suits (including consumer disputes) filed against Triveni Conductors Limited:

There are no cases filed against Triveni Conductors Limited.

Details of cases filed by Triveni Conductors Limited

Triveni Conductors Ltd. have filed three appeals before the Income tax Appellate Tribunal, Indore Bench, Indore, against the orders passed by the assessing officers and that the appeals are pending. Following are the details of the appeals :

Sr.No	Assessment year	Nature of Disputes	Actual Demand Amount (Rs. In lacs)	Pending Demand Amount (Rs. In lacs)
1	1996-97	Appeal filed before Income Tax Appellate Tribunal, Indore bench	22.62	22.62
2	1997-98	Appeal filed before Income Tax Appellate Tribunal, Indore bench	29.80	10.80
3	1998-99	Appeal filed before Income Tax Appellate Tribunal, Indore bench	8.78	7.30

The dates of hearing for the above appeals has not been fixed.

PORWAL DIESELS PRIVATE LIMITED

Cases/Suits (including consumer disputes) filed against Porwal Diesels Pvt. Ltd.:

There are no cases filed against Porwal Diesels Pvt. Ltd.

Details of cases filed by Porwal Diesels Pvt. Ltd

Porwal Diesels Pvt. Ltd. has filed an appeal before the Income-tax Appellate Tribunal, Indore Bench, Indore against the order passed by the Deputy Commissioner of Income-tax, (Assessment), SPL Range -I, Indore, by which the Assessing officer has assessed the total income of the assessee for the Assessment Year 1993 – 1994 at Rs.1,58,142 (loss), as against the loss of Rs.9,03,179/- claimed by the assessee.

Porwal Diesels Private Ltd. has also filed two appeals before the Income tax Appellate Tribunal, Indore Bench, Indore, against the orders passed by the assessing officers and that the appeals are pending. Following are the details

<u>Assessment year</u>	<u>Pending demand</u>
1994 – 1995	NIL
1997 – 1998	Rs.2,15,740.00

In respect of the appeal for the Assessment year 1997 – 1998, the Assessing Officer has assessed the income of the assessee at Rs.17,03,712/, as against the income of Rs.13,93,610/- claimed by the assessee.

GOVERNMENT STATUTORY, LICENSES AND OTHER APPROVALS

In View of the approvals listed below, M/s. Porwal Auto Components Limited confirms that it undertake this issue and its current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the offer or continue its business activities. Unless otherwise stated, these approvals are all valid as of date of this Red Herring Prospectus.

1. Certificate of Incorporation bearing No.10-06912 of 1992 dated 3rd February 1992, issued by the Registrar of Companies, Madhya Pradesh .
2. Fresh Certificate of Incorporation dated 12th October 1992 issued by the Registrar of Companies, Madhya Pradesh, consequent to the conversion of the Company from Private Limited to a Public Limited Company.
3. Permanent Account No. (PAN) AABCP 0411E, issued by the Deputy Commissioner of IT (Systems), Government of India, Ministry of Finance, Department of Revenue, Bhopal.
4. Tax Deduction Account No. BPLP00991E issued by Income tax Department.
5. Tax Payers' Identification No.23350901388, issued by Commercial Tax Department, Madhya Pradesh.
6. Central Excise Registration Certificate bearing No. AABCPO411EXM001 issued by Deputy Commissioner of Central Excise, Pithampur, Dist. Dhar.
7. Certificate of Importer-Exporter Code (IEC) dated 17.08.1995 bearing No. 1195001339 issued by Ministry of Commerce, Office of Joint Director General of Foreign Trade, Bhopal.
8. Acknowledgement bearing No. 289/SIA/IMO/2006 dated 17.01.2006 issued by Secretariat for Industrial Assistance, Government of India, Ministry of Commerce & Industry, and Secretariat for Industrial Assistance, New Delhi, acknowledging the receipt of Memorandum for the manufacture of:
 - C.I. & S.G. Casting & automobiles, , agriculture component (Total capacity – 21,600 MT)
 - C.I. & S.G. Iron casting for Railway & Engineering Sector (Total capacity - 21,600 MT)
 - C.I. & S.G. castings for machine tools and other accessories (Total capacity – 21,600 MT)
 - Centrifugal castings & automobile components(Proposed capacity: 6750 MT)
9. Registration under the Factories Act – Licence No. 71/12773/DHR dated 11th June 2007 valid till 31st December 2007, issued by the Additional Chief Inspector of Factories, Madhya Pradesh.
10. Registration under EPF Act.- Letter No.10715/1665 dated 31st December 1997, issued by Employees Providend Fund Office- Madhya Pradesh, Indore.

LICENSES AND APPROVALS NOT APPLIED

The Company has not applied for license under the Shops and Establishments Act for its operations from its Registered Office.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or the value of our assets or our ability to pay our material liabilities within the next twelve months



OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Board of Directors have, pursuant to a resolution passed at its meeting held on 12/12/2005, authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

Our shareholders have authorized the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extra Ordinary Annual General Meeting held on 12/01/2006.

PROHIBITION BY SEBI

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, our Subsidiary, other companies promoted by our Promoters and companies with which our 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.

ELIGIBILITY

As per Clause 2.3.1 of the SEBI (Disclosure & Investor protection) Guidelines, a listed company shall be eligible to make a public issue of equity shares or any other security which may be converted into or exchanged with equity shares at a later date:

- a. *Provided that the aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., offer through offer document + firm allotment + promoters' contribution through the offer document), issue size does not exceed 5 times its pre-issue networth as per the audited balance sheet of the last financial year.*
- b. *Provided further that in case there is a change in the name of the issuer company within the last 1 year (reckoned from the date of filing of the offer document), the revenue accounted for by the activity suggested by the new name is not less than 50% of its total revenue in the preceding 1 full-year period.)*

Incase of Porwal Auto Components Limited:

- a. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters contribution through the offer document), issue size does not exceed 5 times its pre issue net worth as per the audited balance sheet of the last financial year i.e. 2006 - 2007.

Sr. No	Particulars	Rs. in Lacs
1.	Offer through Offer document	[•]
2.	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)	Nil
3.	Net worth as per audited balance sheet for year 2006 – 07	1135.18
4.	5 times the Net worth results in the company eligible to raise	5675.90

- b. There has been no change in the name of the company in last year from the date of filing of offer document.

Hence, the statutory auditor of PACL, M/s. ASSG & Associates, vide their letter dated 04/08/2007 have certified that Porwal Auto Components Limited satisfies the eligibility criteria's, laid down in clause 2.3.1 of SEBI (Disclosure & Investor protection) Guidelines. However, the Company is doing a "voluntary book-building issue" wherein the Company proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS OFFER DOCUMENT TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE OFFEROR IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, M/S. KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 08/08/2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATION 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 PROSPECTUS PERTAINING TO THE SAID PUBLIC 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 PUBLIC ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- (a) THE DRAFT RHP FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;**
- (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (c) THE DISCLOSURES MADE IN THE DRHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE.**
- (d) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRHP ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- (e) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITES TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- (f) WE CERTIFY THAT WRITTEN CONSENT FROM THE SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS A PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

THE FILING OF THE DRHP DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE



REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

THE PROMOTERS / DIRECTORS OF PORWAL AUTO COMPONENTS LIMITED, SURENDRA JAIN, DEVENDRA JAIN AND MUKESH JAIN DECLARE AND CONFIRM THAT NO INFORMATION/MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS 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 IN TIME TILL ALLOTMENT/REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION/MATERIAL HAS BEEN SUPPRESSED/WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/MIS-REPRESENTATION, THE PROMOTERS/DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

DISCLAIMER IN RESPECT OF JURISDICTION

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, 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, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This offer document does not, however, constitute an offer to sell or an invitation to subscribe to securities issued hereby in any other jurisdiction. Any person into whose possession this offer document comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in 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 offer document has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this offer document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of offer document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of PORWAL AUTO COMPONENTS LIMITED since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED

As required a copy of the Draft Red Herring Prospectus has been submitted to The Bombay Stock Exchange Limited ("BSE"). BSE has given by its letter no. DCS/IPO/SC/IPO-IP/924/2006-07 dated September 12, 2007, permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company; and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF THE OVER THE COUNTER EXCHANGE OF INDIA (OTCEI)

As required a copy of the Draft Red Herring Prospectus has been submitted to The Over The Counter Exchange of India ("OTCEI"). OTCEI has given by its letter no. 0985/LSTG/07/0236 dated September, 07 2007, permission to the Company to use OTCEI's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed.

CAUTION STATEMENT

The Issuer Company and the Lead Manager accepts no responsibility for statements made otherwise than in this offer document or in the advertisement or in any other material issued by or at the instance of the issuer and the Lead Manager and any one placing reliance on any other source of information would be doing so at his/her/their own risk.

GENERAL DISCLAIMER

Investors may note that the Company and the BRLMs accept no responsibility for statements made otherwise than in this Offer Document or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his/her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and the Company.

All information shall be made available by the Company and the BRLMs to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including in research or sales reports.

FILING

A copy of the Draft Red Herring Prospectus has been filed with SEBI Mumbai at Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051, Bombay Stock Exchange Limited (BSE) and OTCEI where the equity shares of the company are proposed to be listed. A Copy of the Red Herring Prospectus has been filed with the Registrar of Companies, Madhya Pradesh.

LISTING

The Equity shares of the company are proposed to be listed on Bombay Stock Exchange Limited (BSE) and Over the Counter Exchange of India (OTCEI). The Company has received in-principle approval from BSE vide their letter no. DCS/IPO/SC/IPO-IP/924/2006-07 dated September 12, 2007 and from OTCEI vide their letter no. 0985/LSTG/07/0236 dated September, 07 2007 for listing of the equity share being issued in terms of this offer document.

If the permissions to deal in and for an official quotation of the equity shares is not granted by the stock exchange, the Company shall forthwith repay, without interest, all monies received from the applicants. In case of delay interest shall be paid in accordance with the provisions of Section 73 of the Act.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below: "Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

CONSENTS

Consents in writing of the Directors, the Auditors, Bankers to the Company, Lead Managers to the Issue, Registrar to the Issue and Bankers to the Public Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Madhya Pradesh under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

M/s ASSG & Associates, Chartered Accountants, the statutory auditors of the Company have given their written consent to the inclusion of their report in the form and context in which it appears in the Offer Document.

EXPERT OPINION

Save as stated elsewhere in the Prospectus, the company has not obtained any expert opinions.

EXPENSES OF THE ISSUE

The total expenses of the issue are estimated to be around [-] of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The split of issue expenses is as under: -

Particulars	Rs. lacs
Fees to intermediaries	[•]
Advertising and marketing expenses	[•]
Printing and Stationary expenses	[•]
Others	[•]
TOTAL ESTIMATED ISSUE EXPENSES	[•]

Will be incorporated after finalization of the issue price.



FEES PAYABLE TO LEAD MANAGER

The total fees payable to the Lead Manager will be as per the engagement letter dated 20/04/2007 signed, a copy of which is available for inspection at the registered office of PACL.

FEES PAYABLE TO REGISTRAR TO THE PUBLIC ISSUE

The total fees payable to the Registrar to the Public Issue will be as per the Memorandum of Understanding signed amongst the company and the Registrar to the Issue, a copy of which is available for inspection at the registered office of PACL.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst PACL, the BRLMs and Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned in the Red Herring Prospectus.

PREVIOUS ISSUE DETAILS

The Company made a public issue of 8,57,100 equity shares of Rs. 10/- each at par through its prospectus dated 22/02/1994.

PROMISE V/S PERFORMANCE

The Company came out with a Issue of 8,57,100 equity shares of Rs.10/- each for cash at par aggregating to Rs. 85,71,000 through the Prospectus dated 22/02/1994. The Issue was made with the object for setting up a plant to manufacture graphite iron and grey iron castings for automobile and engineering industries. The company had made certain projections on the operating and financial performances based on the then prevailing situation. However, due to various reasons, the projections could not be achieved. The details of the variations in the promise-vs.-performance in respect of the public issue is detailed as under

(Rs. in Lacs)

Particulars	Projection as indicated in the Prospectus Dated 22/02/1994			Actual performance During		
	1994-95	1995-96	1996-97	1994-95	1995-96	1996-97
Capacity						
Installed (TPA)	3000	3000	3000	4080	4080	4080
Utilization (%)	70.00	80.00	90.00	6.73	13.13	28.45
Utilized (TPA)						
CI Graded	1575	1680	1755	269.36	388.99	517.52
SG Iron	525	720	945	5.13	146.86	643.41
Net Sales and other Income	422.21	493.67	567.82	45.00	116.15	392.20
PBIDT	149.61	152.46	190.16	11.18	48.60	124.41
Interest	46.51	45.19	43.11	6.06	53.61	85.62
Depreciation	22.83	22.83	22.83	2.75	17.44	23.85
PBT	50.27	84.44	124.82	2.37	(22.45)	(14.94)
PAT	48.89	58.80	81.28	2.37	(22.45)	(14.94)
Equity Capital	170.00	170.00	170.00	167.84	208.72	208.73
Reserves and Surplus	48.89	82.19	133.47	2.37	(10.08)	(25.03)
Dividend	-	15 %	20%	0.00	0.00	0.00
EPS	2.88	3.46	4.78	0.14	(1.08)	(0.71)
CEPS	4.22	4.80	6.12	0.38	(0.18)	0.49
Book Value	12.88	14.83	17.85	10.14	9.51	8.80

Reasons for Shortfall

The Company launched its maiden public issue in the year 1994 and the shares were listed on the Over the Counter Exchange of India. Over the next few years, the automobile industry in India went through a downturn leading to a recessionary period for supporting industries including auto ancillary industry like auto components. Porwal Auto Components Limited was and continues to remain heavily dependent on Eicher Motors Limited for its business. The lack of demand from Eicher during the downturn lead to losses for PACL. Hence the Company was unable to meet its expected growth and profitability targets post its maiden public issue. Secondly due to acute shortage of power in the state of Madhya Pradesh after the implementation of project, the company could not start the production and thus the overall performance was affected. Thus the Company was unable to meet its expected growth and targets post its maiden public issue

ISSUE OTHERWISE THAN FOR CASH

The Company has not issued any shares for a consideration other than for cash.

COMPANIES UNDER THE SAME MANAGEMENT

There are no listed companies under the same management within the meaning of Section 370(1B) of the Act.

OUTSTANDING DEBENTURES, BONDS AND PREFERENCE SHARES

As of date, the company does not have any outstanding Debentures, Bonds or Preference shares.

STOCK MARKET DATA FOR SHARES OF THE COMPANY

The equity shares of the company are currently listed on the Over the Counter Exchange of India (OTCEI). The shares were last traded on 07/17/1998 at a price of Rs. 1.20/-

INVESTOR GRIEVANCE REDRESSAL SYSTEM

The investor grievances against the Company will be handled by the Registrars and Transfer Agent in consultation with the secretarial department of the Company. To handle the grievances effectively, the company has appointed Ms. Raina Ajmera as the Compliance Officer. The Officer shall supervise redressal of complaints received from the investors at the office of the Company as well as the Registrars to the Public Issue and ensure timely settlement.

All grievances related to the offer may be addressed to the Registrar to the Public Issue quoting the application No. (Including prefix), Number of equity shares applied for, amount paid on application, date, Bank and branch/ Collection center where application was submitted

Sr. No	Type of Request	Normal Time Taken (No of Days)
1	Issue of Duplicate Share Certificate	15 Days
2	Transfer of shares	10 Days
3	Transmission of shares	10 Days
4	Demat/remat of shares	10 / 15 Days
5	Non receipt of dividend	7 Days
6	Non receipt of Annual Report	7 Days
7	Change of residential address/ Bank mandate	7 Days
8	Consolidation/split of share certificates	15 Days

CHANGE IN AUDITORS

There has been no change in the statutory auditors of the company during last three years.

CAPITALISATION OF RESERVES OR PROFITS

The company has not capitalized its reserves or profits since inception.

REVALUATION OF ASSETS

The company has not revalued its asset since the last five years.



SECTION VII: ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of 50,00,000 Equity Shares of face value Rs. 10/- each at a price of Rs. [●] for cash aggregating Rs. [●] lakhs (hereinafter referred to as the “Issue”). The Issue would constitute 33.11 % of the post Issue paid-up capital of the Company.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 25,00,000 Equity Shares will be allotted to QIBs.	Upto 7,50,000 Equity Shares shall be available for allocation.	At least 17,50,000 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Up to 50% of the Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Upto 15% of the issue or issue less allocation to QIB bidders and retail individual bidders*	At least 35% of the Issue or issue less allocation to QIB bidders and non-institutional bidders
Basis of allocation if respective category is oversubscribed	Proportionate (a) 1,25,000 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 23,75,000 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. 100,000 and in multiples of 80 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 80 Shares thereafter.	80 Equity Shares and in multiples of 80 Equity Share thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
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, venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lakhs and pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable law.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, societies and trusts.	Resident Indian Individuals (including HUFs in the name of karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount	At least 10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Guidelines.

** 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 in the same sequence in which they appear in the Bid-cum-Application Form.

If the aggregate demand by Mutual Funds is less than 1,25,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. The unsubscribed portion, if any, out of the Equity Shares will be added back to the Issue and proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLM.

Withdrawal of this Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with this Issue at any time, including after the Bid/ Issue Opening Date without assigning any reason thereof.

**Bidding Period / Issue Period**

BID / ISSUE OPENS ON	Monday, December 17, 2007
BID / ISSUE CLOSES ON	Thursday, December 20, 2007

Bids and any revision in bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE on the Bid/Issue Closing Date.

The Price Band will be decided by the Company in consultation with the BRLM.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. 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.

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

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Offer Document, Bid-cum-Application Form, the Revision Form, the 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 this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Authority for this Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on December 12, 2005, authorized the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act.

The shareholders have also authorized the Issue by a Special Resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extraordinary General Meeting of the company held on January 12, 2006.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of payment of dividend

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Red Herring Prospectus at a price of Rs. [•] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

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 Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of the Articles of Association of the Company" beginning on page 124 of this Red Herring Prospectus.

Market Lot and Trading lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.



Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of 80 Equity Shares. For details of allocation and allotment, see “Other Regulatory and Statutory Disclosures” on page no.92 of this Red Herring Prospectus.

Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Indore, India.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares transferred, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of equity share(s) by the person nominating.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, 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 to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue to public including devolvement of underwriters, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

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.

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.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, upto 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Issue 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.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the 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 Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of allotment of equity shares in physical form. The equity shares on allotment, shall be traded only in the dematerialized segment of the Stock Exchange.

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 Offer Document. 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 Confirmation of Allocation Note (“CAN”), and filing of the Prospectus with the Registrar of Companies, Madhya Pradesh, 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 authorised the Company to make the necessary changes in this Offer Document and the Bid-cum-Application Form as would be required for filing the Prospectus with the Registrar of Companies, Madhya Pradesh and as would be required by Registrar of Companies, Madhya Pradesh 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 or NRI's applying on non-repatriation basis	White
Eligible Non residents, NRIs, FVCIs, FIIs etc applying on a repatriation basis	Blue

Who can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. 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;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, Scheduled Commercial Banks, Commercial Banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Insurance companies registered with the Insurance Regulatory and Development Authority;
10. Provident funds with minimum corpus of Rs. 2500.00 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;



11. Pension funds with minimum corpus of Rs. 2500.00 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;
12. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares; and
13. Scientific and/ or industrial research organizations authorised to invest in Equity Shares.
14. Eligible non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable laws;
15. Multilateral and bilateral development financial institutions;

As per existing regulations, OCBs cannot Bid in this Issue.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or Statutory guidelines.

Application by mutual funds

Under the SEBI Guidelines 5% of the QIB portion i.e; 1,25,000 equity shares shall be available for allocation on proportionate basis. An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 1,25,000 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

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.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by NRIs

Bid cum application forms have been made available for NRIs at the company's registered/corporate office, Syndicate member and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

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 our post-Issue capital (i.e. 10% of 1,51,00,000 Equity Shares of Rs. 10 each). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

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, 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 favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or

establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Application by SEBI registered venture capital funds and foreign venture capital investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) 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, a venture capital fund cannot invest more than 25% of the corpus of the fund in one venture capital undertaking. Please note that this restriction is not applicable to a foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Offer Document. 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 80 Equity Shares and in multiples of 80 Equity Shares thereafter, subject to maximum Bid amount of Rs. 100,000. In case the maximum Bid amount is more than Rs. 100,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is 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 QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 80 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at ‘Cut-Off’.

Our Right to Reject Bids

The BRLM may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders and Retail Individual Bidders, the Company will have the right to reject Bids only on technical grounds. 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.

Information for Bidders

- (a) Our Company will file the Red Herring Prospectus with the Registrar of Companies, Madhya Pradesh at least three days before the Bid/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 our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid-cum-Application Form can obtain the same from our corporate office or from any of the BRLM/Syndicate Members.
- (d) Investors who are interested in subscribing for our Company’s Equity Shares should approach any of the BRLM or Syndicate Member or their authorized agent(s) to register their Bid.
- (e) 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.



Method and Process of Bidding

- a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Madhya Pradesh and also publish the same in one English national daily, and one Hindi national daily. This advertisement shall contain the disclosures as prescribed under SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on page no.106 of this Offer Document) 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.
- d) The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. 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 paragraph “Build up of the Book and Revision of Bids” on page no. 109 of this Offer Document.
- e) 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.
- f) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment” and payment in Escrow Account on page 107 of this Red Herring Prospectus.
- g) The BRLM and Syndicate Member 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. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. 68 to Rs. 75 per Equity Share of Rs. 10 each, Rs. 68 being the Floor Price and Rs. 75 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of 80 equity shares. In accordance with SEBI Guidelines, the Company in consultation with the BRLM can revise the Price Band by informing the Stock Exchange, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Company in consultation with BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (b) The Bidders 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 may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
- (c) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.

- (d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchange, issuing a press release and making available this information on the Bidding terminals.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 80 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (g) 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, with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid will be considered for allocation under the Non Institutional category 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 revision, the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account

Option to subscribe

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialized form only. 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.

Escrow Mechanism

The Company shall open Escrow Accounts with one or more Escrow Collection Banks 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 Escrow Account. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLM Escrow Bankers and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue, BRLM to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

In case of Non-institutional Bidders and Retail 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/ her Bid in favor of the Escrow Account of the Escrow Collection Bank(s) (For further details, see "Issue Procedure - Payment Instructions" on page 115 of the Red Herring Prospectus) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests 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 until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and no later than 15 days from the Bid / 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 Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure” on page 98 of this Red Herring Prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is more than 10% and less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. 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/Issue Closing Date, failing which our 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 BSE. There will be at least one on-line connectivity to each city where the Bids are accepted.
- (b) BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorised agents during the Bidding Period. Syndicate members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Syndicate members shall upload the Bids till such time as may be permitted by the Stock Exchange.
- (c) BSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE’s website at “www.bseindia.com”.
- (d) At the time of registering each Bid, the Syndicate members 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, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment of margin amount has been made upon submission of Bid-cum-Application Form
 - 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 request and obtain the TRS from the members of the Syndicate.** The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page no. 117 in this Offer Document.
- (h) It is to be distinctly understood that the permission given by 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 our Company, BRLM are cleared or approved by 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 our Company, our Promoters, our management or any scheme or project of our Company.

- (i) It is also to be distinctly understood that the approval given by BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the 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 BSE.

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 BSE mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
- (c) 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.
- (d) 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.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate 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.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Offer Document. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Syndicate Member. **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.**
- (h) In case of discrepancy of data between BSE and the Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.

Price Discovery and Allocation/allotment

- (a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) The Company in consultation with the BRLM shall finalise the "Issue Price" and the number of Equity Shares to be allotted.
- (c) The allocation for QIBs, upto 50% of the Issue, of which 5% shall be reserved for Mutual Funds would be proportionate. The allocation to Non-Institutional Bidders, and Retail Individual Bidders upto 15% and 35% of the Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,25,000 Equity Shares, the balance Equity Shares from the portion specifically available



for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. In the event that the aggregate demand in the QIB portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the company, in consultation with the BRLM and Designated Stock Exchange.

- (e) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (f) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment.
- (g) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (h) The allotment details shall be put on the website of the Registrar to the Issue.
- (i) Allocation to Non-Residents, FIIs, NRIs, Foreign Venture Capital Funds, Multilateral and Bilateral Development Financial Institutions registered with SEBI applying on repatriation basis will be subject to the terms and conditions stipulated by the RBI while granting permission for Allotment of Equity Shares to them.

Notice to QIBs: allotment reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE and NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be required to be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and Registrar of Companies, Madhya Pradesh Filing

- (a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with Registrar of Companies, Madhya Pradesh, which then would be termed as 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Price band and Red Herring Prospectus

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the Registrar of Companies, Madhya Pradesh. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken

- (a) The BRLM or Registrar to the Issue shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Issue.

- (b) The BRLM or Syndicate Members 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 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 into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date 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, to realization of their cheque or demand draft paid into the Escrow Account. 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 all the Equity Shares to be allotted 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 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 dematerialised form to the allottees. Allottees will have the option to re-materialise 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' depository accounts within two working days from the date of allotment. In case the Company fails to make allotment 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

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:

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that the DP account is activated;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that the bid is within price band;
- i) 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, investors should ensure that the Depository Account is also held in the same sequence as they appear in the Bid-cum- Application Form;



- j) Each Bidder should mention his/ her Permanent Account Number (PAN) allotted under the IT Act. SEBI has issued a circular no. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. In case the PAN has not been allotted, mention “Applied for” or “Not Applicable” in the appropriate places and submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) 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;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest;
- e) Do not provide your GIR number instead of your PAN as the Bid is liable to be rejected on this ground.
- f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;
- g) Do not Bid at cut off price (for QIBs and non-institutional bidders);
- h) 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; and

Instructions for Completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Member.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour or Blue colour)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 80 Equity Shares and in multiples of 80 equity shares thereafter subject to a maximum Bid amount of Rs. 100,000.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 100,001 and in multiples of 80 Equity Shares thereafter. All individual Bidders whose maximum Bid amount exceeds Rs. 100,000 would be considered under this category. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three).
- (f) 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 (excluding NRIs) or their nominees or OCBs.
- (g) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's 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 Bank 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's 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 including the nine digit Magnetic Ink Recognition (MICR) Code, for printing on refund orders and occupation (herein after referred to as 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 and ensure that they are true and correct.

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 Escrow Collection Bank 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.

Our Company in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order / CANs / allocation advice / refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the



Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum- Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Non Residents, NRIs, FIIs and 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 our Corporate Office or from members of the Syndicate or the Registrar to the Issue.
- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
- NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids and revision to Bids must be made:

- On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three).
- By NRIs - For a minimum of 80 Equity Shares and in multiples of 80 equity shares thereafter subject to a maximum Bid amount of Rs.1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and Minimum Bid Size” on page no. 105 of the Red Herring Prospectus.
- By FIIs - for a minimum of such number of Equity Shares and in multiples of 80 equity shares that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled “Maximum and Minimum Bid Size” on page no.105 of the 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 (excluding NRIs) or their nominees or OCBs.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial 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 funds applicants will be treated on the same basis with other categories for the purpose of allocation.

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 reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 2500.00 Lacs and pension funds with minimum corpus of Rs. 2500.00 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, 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 that we may deem fit.

In case of Bids made by Mutual Funds registered with SEBI, Venture Capital Funds registered with SEBI and FVCI registered with SEBI, a certified copy of their registration certificate must be submitted along with the Bid cum Application form failing this, the Company reserves the right to accept or reject any bid in whole or in part in either case without assigning any reason thereof.

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).

For further details see section titled “Issue Procedure - Maximum and Minimum Bid Size” on page 105 of this Offer Document.

Payment Instructions

The company shall open an Escrow Account 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:

Payment into Escrow Account

- a) 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.
- b) 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/allotment 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.
- c) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of resident QIB Bidders: “Escrow Account –Porwal Auto Components Limited Public Issue – QIB - R”
 - In case of non-resident QIB Bidders: “Escrow Account –Porwal Auto Components Limited Public Issue – QIB-NR”
 - In case of resident non-QIB Bidders: “Escrow Account – Porwal Auto Components Limited Public Issue - R”
 - In case of non-resident non-QIB Bidders: “Escrow Account – Porwal Auto Components Limited Public Issue - NR”
- d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
- e) 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.



- f) Where a Bidder has been allocated/allotment a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the refund account as per the terms of the Escrow Agreement and the Red Herring Prospectus.
- g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
- h) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/allotment to the Bidders.
- j) 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.

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 Syndicate Member at the time of submission of the Bid.

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 Syndicate Member 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 ("First Bidder"). All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the demographic details received from the depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The company reserves the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

Permanent Account Number (PAN)

The Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. SEBI has issued a circular no. MRD/DoP/Cir-05/2007 DATED April 27, 2007 requiring that with effect from July 2, 2007, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. In case the PAN has not been allotted, mention "Applied for" or "Not Applicable" in the appropriate places and submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address. 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 of the Income Tax Rules, 1962), 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 of the Income Tax Rules, 1962), 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 and (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 Form 61 as the case may be.**

Unique Identification Number - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 100,000 to Rs. 500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- 2) Age of first Bidder not given;
- 3) Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN photocopy/ PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration not given;
- 5) GIR number given instead of PAN number;
- 6) Bids for lower number of Equity Shares than specified for that category of investors;
- 7) Bids at a price less than lower end of the Price Band;
- 8) Bids at a price more than the higher end of the Price Band;
- 9) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 10) Bids for number of Equity Shares which are not in multiples of 80 equity shares;
- 11) Category not ticked;
- 12) Multiple bids as defined in this Red Herring Prospectus;
- 13) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 14) Bids accompanied by Stock Invest/ money order/postal order/cash;
- 15) Signature of sole and / or joint Bidders missing;
- 16) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;
- 17) Bid-cum-Application Form does not have Bidder's depository account details;
- 18) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), Depository Participant identification number and beneficiary account number;



- 19) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
- 20) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations.
- 21) Bids by persons resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India.;
- 22) Bids by OCBs;

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) A tripartite agreement dated 26th June 2007 with NSDL, us and Registrar to the Issue;
- b) A tripartite agreement dated 10th July 2007 with CDSL, us and Registrar to the Issue.

The Company's shares bear an ISIN no. INE386I01018

All Bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her Depository Account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) 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.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchange having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

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, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque, number and issuing bank thereof.

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

Disposal of Applications and Applications Money

The company shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchange within two working days of date of finalisation of allotment of Equity Shares. We 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 or speed post at the sole or first Bidder's sole risk.

The company shall use best efforts to ensure that all steps for completion of the necessary formalities for allotment and trading at the Stock Exchange 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 Companies Act, the requirements of the Stock Exchange and SEBI Guidelines, we further undertake that:

- Allot Equity Shares only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- Dispatch refund orders within 15 days of the Bid/Issue Closing Date would be ensured; and
- **Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders in Case of Public Issues** - we shall 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.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

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 Syndicate Member 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.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, 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 exchange, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment or Allocation

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 category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue less allocation to Non-Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 17,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 17,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 17,50,000 Equity Shares. For the method of proportionate basis of allotment, 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 category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 7,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 7,50,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a maximum of 7,50,000 Equity Shares. For the method of proportionate basis of allotment 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.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - (c) The aggregate allocation to QIB Bidders shall not be more than 25,00,000 Equity Shares.

Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.

PROCEDURE AND TIME OF SCHEDULE FOR ALLOTMENT AND CREDIT OF EQUITY SHARES IN DEMATERIALISED FORM

The Issue will be conducted through a “100% book building process” pursuant to which the Underwriters will accept bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on December 17, 2007 and expire on December 20, 2007. Following the expiration of the Bidding Period, our Company, in consultation with the BRLMs, will determine the issue price, and, in consultation with the BRLMs, the basis of allocation and entitlement to allotment based on the bids received and subject to the confirmation by the BSE. Successful bidders will be provided with a confirmation of their allocation and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Prospectus will be filed with SEBI on [·] and the RoC on [·] and will be made available to investors. SEBI Guidelines require our Company to complete the allotment to successful bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity

Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Red Herring Prospectus under "Issue Structure".

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of [·] Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- e) In all bids where the proportionate allotment is less than [·] 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 category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
 - If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Letters of allotment or refund orders

The company shall give credit to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS.

We shall dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.



Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Payment of Refund

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through Electronic Transfer of Funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit - Applicants having bank accounts with the Refund Banker(s) shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS - Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 10 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders exceeding Rs. 1,500. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Dispatch of refund orders

We shall ensure dispatch of refund orders of value over Rs. 1500 and share certificates by registered post only and adequate funds for the purpose shall be made available to the Registrar to the Issue by us.

Interest in case of delay in dispatch of allotment letters/refund orders

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the Bid/Issue Closing date.

Undertaking by the Company

The Company undertake as follows:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily;
- All steps for completion of the necessary formalities for listing and commencement of trading at the stock exchange where the equity shares are to be listed are taken within seven working days of finalisation of basis of allotment;

- The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public;
- The certificates of the shares/ refund orders to the non-resident Indians shall be dispatched within the specified time;
- No further issue of securities shall be made till the shares offered through this Red Herring Prospectus are listed or till the application moneys are refunded on account of non –listing, under subscription etc.

Utilisation of Issue proceeds

The Board of Directors of our Company certifies that:

- (a) All monies received out of the Issue 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;
- (b) Details of all monies utilised out of this Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such unutilised monies have been invested;
- (c) Details of all unutilised monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested;
- (d) The utilisation of monies received under promoters' contribution shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilised;
- (e) The details of all unutilised monies out of the funds received under promoters' contribution shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested;

The issue proceeds shall be kept in a separate bank account with the bankers to the issue and the company shall have access to the funds only after the dealing approval is received from the stock exchange.



SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the abstract of the main provisions of our Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company.

Article 8 : SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two crore) Equity shares of Rs. 10/- (Rupees Ten) each with rights, privileges or conditions attaching thereto as provided by the regulations of the company for the time being with power to increase and reduce the capital of the company and to divide the shares in the capital into several classes and attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided in the regulations of the company.

Article 10 : ALLOTMENT OF SHARES

Subject to the provisions of these Articles and of Section 81 of the Act, the shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons, on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit, provided that, where at any time it is proposed to increase the subscribed capital of the company by the allotment of further shares, than, subject to the provisions of section 81(1A) of the Act, the Board shall issue such shares in the manner set out in section 81(1) of the Act, provided further that the option or right to call on shares shall not be given to any person or persons except with to be sanction of the company in General Meeting.

Article 11: DIRECTOR MAY ALLOT SHARES FOR CONSIDERATION OTHER THAN CASH

The Directors may allot and issue shares in the capital of the company as partly or fully paid in consideration of any property sold or goods transferred or machinery supplied or for services rendered to the company in or about the formation or promotion of the company or the conduct of its business and any shares which may by so allotted, may be issued as fully or partly paid up shares, and if so issued shall be deemed to be fully or partly paid up shares, as the case may be.

Article 21: POWER TO INCREASE CAPITAL

The company in General Meeting may, from time to time, by Ordinary Resolution increase the capital by the creation of new shares of such amount as may be considered expedient.

Article 23: PROVISIONS RELATING TO THE ISSUE

Before the issue of any new shares, the company in General meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or subject to the provisions of section 79 of the Act, at a discount; in default of any such provision, or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 10.

Article 26 : REDUCTION OF CAPITAL

The company may, by special resolution subject to confirmation by court, reduce :

- i. Its share capital
- ii. Any capital redemption reserve account; or
- iii. Any share premium account.

Article 27: Power to subdivide and consolidate shares

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) subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject, nevertheless, to the provisions of clause (d) of sub-section (1) of section 94 of the Act;
- (c) cancel any share which , at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

Article 30 : Power To Vary Rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to the provisions of sections 106 and 107 and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at the separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of these regulations relating to General Meeting shall mutates mutants apply but so that the necessary quorum shall be 2 persons at least holding or representing by proxy one-third of the issued shares of the class in question

Article 37 : Calls

The Board may, from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not be the conditions or allotment there of made payable at fixed times, 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 Board. A call may be made payable by installments and shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed at a meeting of the Board.

Article 40 : When Interest On Call Or Installment Payable

If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment, the holder for the time being of the shares in respect of which the call shall have been made, or the installment shall be due, shall pay interest for the same at the rate as may be decided by the Board from time to time from the day appointed for the payment thereof to the time of the actual payment. The Directors may in their absolute discretion waive the payment of interest, wholly, or in part in the case of any person liable to pay such call or installment.

Article 43: Payment Of Calls In Advance

The Directors may if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him; and upon all or any of the moneys so advances may (until the same but for such advance, becomes presently payable) pay interest at such rate as may be agreed upon between the Board and the member three months notice in writing, provided that money paid in advance of calls on any share may carry interest, but shall not in respect thereof confer a right to dividend or participation in the profits of the company.

Article 47 : Forfeiture Of Shares

If the requirements of any such notice as aforesaid are not complied with any shares in respect of which such notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. The forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Article 49 : Forfeited Shares To Become Property Of The Company

Any share so forfeited shall be deemed to be the property of the company, and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board thinks fit.

Article 59: Execution Of Transfer

Save as provided in section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation of the transferee has been delivered to the company along with the letter of allotment of shares, in accordance with the provisions of section 108 of the Act. The transferor shall be deemed to remain a member in respect of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness, who shall add his address



Provided, that, where on an application in writing made to the Company by the transferee, and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit

ARTICLE 59.A: Dematerialization of Securities

- a. “Depository” means any company as defined under the Depositories Act, 1996.
- b. “Beneficiary Owner” means any person(s) whose name(s) is/are recorded as such with the Depository(s).
- c. “Securities” any type of shares, debentures, bonds or other instruments as may be specified by Securities & Exchange Board of India (SEBI).
- d. NOTWITHSTANDING anything contained in these Articles, the company shall be entitled to dematerialize its securities including offering of further securities in such dematerialized form.
- e. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sec. 153, 153A, 153B, 187A, 187B, 187C and 372A or other applicable provisions of the Companies Act, 1956, as amended upto date shall apply to depository in respect of the securities held by it on behalf of the beneficial owners.
- f. Every person subscribing to securities offered by the company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the extant law in force, in respect of any security in the manner provided by the Depositories Act, and the company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificate of securities.
- g. If any person opts to hold his security with a depository, the company shall intimate such depository the details of allotment/holding of security, and on receipt of the information, the depository shall enter in its records, the name(s) of such allottee/holder of the security as the beneficial owners(s) of the security.
- h. Notwithstanding anything contained in these Articles, a depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner. And save as provided here-in, the depository, as the registered owner of the security, shall not have any voting rights or any other rights in respect of the securities held by it. And every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.
- i. Notwithstanding anything contained in these Articles, 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.
- j. Nothing contained in Sec.108 of the Companies Act, or these Articles shall apply to any transfer of securities effected by transferors and transferees, both of whom shall be entered as beneficial owners of the such securities in the records of depository.
- k. Notwithstanding anything contained in these Articles, where securities are dealt with by a depository, the company shall intimate the details of each of such securities to the depository concerned immediately on allotment etc. of the securities.

Nothing contained in these Articles regarding the necessity of having distinctive numbers for any of securities of the company shall apply to the securities held by the depository. The register and index of beneficial owners maintained by a depository shall be deemed to be appropriate Register of members and Index of Members etc. for the purpose of such securities and these Articles

Articles 60 : Application for registration of transfer

Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall, in the case of the partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by section 110 of the Act and subject to the provisions of these Articles, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of

the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

Articles 61: Transfer only in Marketable lots

Without in any way derogating from the powers conferred on the Board under these Articles, the Directors shall be entitled to refuse an application for transfer of less than 100 Equity Shares of the Company subject however, to the following exceptions :

- (a) Transfer of Equity Shares made in pursuance of Statutory Order or an Order of a Competent Court of Law.
- (b) Transfer of the entire holding of Equity Shares of a Member which is less than 100, to one or more transferees provided that total holding of the transferee or each of the transferees, as the case may be, will not be less than 50 Equity Shares after the said transfer.

Articles 62: Directors may refuse to register transfer

Subject to section 111 of the Act, and section 22-A of the securities Contracts (Regulation) Act, 1956 the Board shall have uncontrolled powers to register the transfer of the shares of the Company.

PROVIDED THAT registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any other person or persons indebted to Company on any account whatever except a lien on the shares. If the Directors decline to register any transfer, they shall give notice of such refusal to the transferee and the transferor as required by section 111 of the Act.

Articles 63: Form of transfer

Every instrument of transfer of shares shall be in the form prescribed under the act and shall be in accordance with the provisions of section 108 of the Act, from time to time. There shall not be charged any fee of fees in respect of transfer or transmission of any number of shares.

Articles 64 : Instrument of transfer to be left at Office

Every instrument of transfer shall be left at the Office of the Company for registration, accompanied by the relevant certificate of the shares, or if no such certificate is in existence, by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer which shall be registered shall not be returned by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the person depositing the same

Articles 65: Suspension of transfers

Subject to the provisions of section 154 of the Act, the registration of transfers may be suspended at such times and for such periods as the Board may, from time to time, determine. Provided that such registration shall not be suspended for more than forty five days in the aggregate in any year.

Articles 66 : Notice of refusal to registration of transfer.

If the Board refuses, whether in pursuance of Article 62 or otherwise, to register the transfer of, or the transmission by operation of law of the right to any share, the Company shall within two months from the date on which the instrument of transfer or the intimation of such transmission as the case may be, was lodged with the Company, send to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, notice of such refusal.

Articles 67: Persons entitled to shares by transmission

In case of the death of a member, the survivors where the deceased was a joint holder, and his legal representative 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; but nothing herein contained 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. The Board may acquire any persons becoming entitled to shares in consequence of the death of any member to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from a competent court in India. It shall be lawful for the Board in its absolute discretion to dispense with the production of Probate or Letter of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board may think fit without in any case being bound to do so.



Articles 68 : No transfer to person of unsound mind.

No transfer shall be made to a person of unsound mind.

Articles 69: Transfer of partly paid share.

No partly paid share shall be transferred to a minor.

Articles 70: Transfer of shares of insane deceased or bankrupt members.

Any person becoming entitled to a share in consequence of the death, insanity, bankruptcy or insolvency of a member may, upon producing such evidence as the Board thinks sufficient and subject as hereinafter provided, elect either to be registered as a member in respect of such share or to transfer such share to some other person.

Articles 71: Rights of persons entitled to shares by reason of death etc.

The Directors may retain the dividends payable upon shares to which any person becomes entitled under Article 70 until such person or his transferee shall become a member in respect of the shares.

Articles 72: Election by persons becoming entitled to shares

- (a) If the person becoming entitled to a share under Article 70 shall elect to be registered as a member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the shares.
- (c) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfer of shares, shall be applicable to any such notice of transfer as aforesaid as if the death, insanity, bankruptcy or insolvency of the member had not occurred and the notice of transfer was a transfer signed by that member.
- (d) A person becoming entitled to a share by reason of death, insanity bankruptcy or insolvency of the member shall, subject to the provisions of Article 71 and of Section 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered member in respect of the share.

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 notice is not complied with within ninety days, the Board may thereafter withhold the payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

Articles 73: Company not liable for disregard of a notice purporting to prohibit registration of transfer.

The Company shall incur no liability or responsibility whatever 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 said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice purporting to prohibit registration of such transfer, and may have entered such notice in any Book of the Company and the Company shall not be bound or required to regard or attend or give effect to a notice which may be given to it of any equitable right, title or interest or by under any liability whatsoever for refusing or neglecting right, title or interest or by under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some Books of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board thinks fit.

Article 74 : Power To Borrow

The Directors may raise or borrow any sum or sums of money for the purpose of the company and may secure payment or repayment of the same in such manner and upon such terms and conditions as may be prescribed by the Board in particular by the creation of any mortgage, hypothecation, pledge or charge on and over the company's stocks, book debts, other moveable properties, provided that the directors shall not without the sanction of a General Meeting of the company, borrow money, where the moneys to be borrowed together with money, already borrowed by the company apart from the temporary loans obtained from the company's bankers in the ordinary course of business exceed, the aggregate of the paid up capita of company and its free reserves, that is to say, reserves not set apart fro any specific purposes.

Article 75 : Conditions On Which Moneys May Be Borrowed By The Directors

The Directors may raise or secure the repayment 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, 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 or by giving, accepting or endorsing on behalf of the company any promissory notes, bill of exchange or other negotiable instruments, provided however, option or right to call on shares shall not be given to any person except with the sanction of the company in General Meeting and no debenture shall carry any voting right whether generally or in respect of particular class of shares or business

Article 76 : issued at discount etc. or with special privileges

Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into any shares of any denomination and with any special privileges, as to redemption, surrender, drawing, allotment of shares, appointment of Directors and/or otherwise, any debentures, debenture stock, bonds or other securities may be made assignment free any equities between the company and the person to whom the same may be issued, provided that the debentures with right to conversion into shares shall not be issued without consent of the company in General Meeting.

Article 83 : Annual General Meeting

In addition to any other meetings, General Meetings of the company shall be held within such intervals as are specified in section 166(1) of the Act, subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such General Meeting shall be called as “Annual General Meeting” and shall be specified as such in the notice converting the meeting. All other meetings of the company shall, except in the case where an Extra-Ordinary General Meeting is convened under the provisions of the next following Article, be called as “General Meeting”.

Article 98 : Votes Of Members

Subject to any restriction for the time being attached to any class or classes of shares :

- i. On a show hands, every member present in person, shall have one vote; and
- ii On a poll, the voting rights of members shall be as laid down in Section 87 of the Act

Article 99 : Voting Rights Of Preferential Shareholders

Except as conferred by Section 87 of the Companies Act, the holders of Preference Shares shall have no voting right. Where the holders of any Preference Share has a right to vote on any resolution in accordance with the provision of the sub-section (2) of section 87 of the Companies Act, his voting right on a poll as the holder of such share shall subject to the provision of Section 89 and sub-section (2) of Section 92 of the Companies Act, be, in the same proportion as the capital paid up in respect of the share bears to the total paid up equity capital of the company

Article 100 : Votes By Body Corporate And Companies

A company or body corporate which is a member of the company may vote by proxy or by representative duly appointed in accordance with the section 187 of the Act. A person duly appointed to represent the member company at any meeting of the company or at any meeting of any class of members of the company, shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the member company or body corporate could exercise if it were an individual member.

Article 101 : Vote By Joint Holders

Where there are joint registered holders of any shares, anyone of such persons as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy that one of the said persons so present whose name stand first in the Register in respect of such shares, shall alone be entitled to vote in respect thereof. Where there are several executors or administrators of a deceased member in whose sole name any shares stood anyone of such executors or administrators may vote in respect of such shares unless any other of such executors or administrators is present at the meeting at which such a vote is tendered and objected to.



Article 102 : Vote In Respect Of Deceased And Insolvent Members

Any person entitled under Article 70 to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting, or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of the right to transfer such shares, or the Director shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic and idiot or non-compos mentis, he may vote whether on a show of hands or at poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy or a poll.

Article 111: Number Of Directors

Until otherwise determined in General Meeting of Company and subject to the provisions of Sec. 252 of the Act, number of Directors of the company shall not be less than three and no more than including nominees of financial institutions.

Article 121 : Remuneration Of Directors

Each Director shall be entitled to receive out of the funds of the company for his services in attending to the meeting of Board or a Committee of the Board such an amount, as may be fixed by the Directors but not exceeding such a sum, as may be prescribed by the Act, or the Central Government, from time to time

Article 133 : Power To Remove Directors

The company may, subject to the provisions of section 284 of the Act, by ordinary resolution of which special notice according to section 190 of the Act has been given, remove any Director before the expiry of his period of office and may by ordinary resolution of which special notice has been given, appoint another person in his stead. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy under the provisions of the Article 134.

Article 134: Board May Fill Casual Vacancies

If the office of any Director appointed by the company in General Meeting is vacated before his term of office expires, in the normal course, the resulting vacancy may be filled by the Board at a meeting of the Board, but any person so appointed shall hold office any upto the date upto which the Director in whose place he is appointed would have held office if it had not been so vacated.

Article 147: General Powers Of The Company Vested In The Board

Subject to the provisions of the Act, control of the company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the company is authorized to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other status or by the Memorandum of the company or by these Articles or otherwise, to be exercised or done by the company or by these Articles or otherwise, to be exercised or done by the company in General Meeting. Provided further, that in exercising any such power or doing any such act or thing, the Board shall be subjected to the provisions in that behalf contained in the Act or any other statute, or in the Memorandum of Association of the company or in these Articles, or in any regulations made by the company in General Meeting but no regulations made by the company in General Meeting shall invalidate any prior Act of the Board which would have been valid if that regulation has not been made.

Article 154 : Appointment Of Managing/Whole-Time Directors

The Company by Ordinary Resolution or the Directors may, subject to the provisions of section 268 and 269 of the Act, from time to time appoint one or more of the Directors to be Managing Director or Managing Directors or other whole-time Directors of the Company for a term not exceeding five years at a time and may from time to time subject to the provisions of the Act, remove or dismiss him or them from the office and appoint another or other in his or their places

Article 156 : Remuneration

In addition to the usual remuneration of an ordinary Director, the remuneration of the Managing Director and of Whole-time Director shall be subject to the provisions of the Act and may be by way of fixed salary and perquisites or at a specified percentage of the net profits of the Company or both as provided in the Act, from time to time

Article 162: Annual Returns

The Company shall comply with the provisions of sections 159 161 of the Act as to making and filing of Annual Returns.

Article 163 : Reserves

The Board may from time to time, before recommending any dividend, set apart any such portions of the profits of the Company as it thinks, fit as reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the company, for equalization of dividends, for repairing, improving or maintaining any of the properties of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company; and may, subject to the provisions of section 372 of Act, invest the several sums so set aside in such investments (other than shares of the Company) as may think fit, and may from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the company, and may divide the Reserves into such special funds or any part thereof in the business of the company, and that without being bound to keep the same separated from the other assets.

Article 165 : Capitalization Of Reserves

- (1) The Company in General Meeting may, upon the recommendation of the Board resolve
 - a. that it is desirable to capitalize any part of the amount for the time being standing the credit of any of the Company's Reserve Accounts, or to the credit of share Premium 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 could have been entitled thereto if distributed by way of dividend and in the same proportion
- (2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards
 - (i) paying up any amount for the time being unpaid on any shares held by such member respectively;
 - (ii) paying in full, unissued shares of the Company to be allotted, and distributed, credited as fully paid Bonus Shares to and amongst such members in the proportion 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 to the 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

Article 169 : How Profit Shall Be Divisible

Subject to rights of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the company which shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of dividend on the Equity Shares of the Company but so that partly paid up shares only entitle the members in respect thereof to such a proportion of the distribution upon a fully paid up shares as the amount paid thereon bears to the nominal amount on such shares and so that the Share Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to dividend or to participate in profits.

Article 170 : Declaration Of Dividends

The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of section 207 of the Act, fix the time for payment.

Article 171; Amount Of Dividends

No larger dividend shall be declared than is recommended by the Board, but the company in General Meeting may declare a smaller dividend



Article 172: Dividends Out Of Profits Only

Subject to the provisions of section 205 of the Act, no dividend shall be payable except out of the profits of the Company or out of money provided by the Central or State Government for the payment of dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company

Article 211: Secrecy

Every Director, Manager, Auditor, Trustee, Member of a Committee, Office, Servant, Agent, Accountant or other person employed in the business of the Company shall observe a strict secrecy respecting all transactions of the Company with customers and the state of accounts with individual and in the matter relating thereto, and shall not 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 the meeting or by a court of law or by the person to whom matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

Article 214 : Indemnity

- (a) Every Director, Manager, Secretary or Officer of the Company or any person appointed by the Company as Auditor shall be indemnified out of the assets of the Company against all liabilities incurred by him as such Director, Manager, Secretary or officer or Auditor 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 granted to him by the Court.
- (b) Save and except so far as the provisions of this Article, shall be avoided by section 201 of the Act, the Board of Directors, Managers, Auditors, Secretary and other officers of servants for the time being acting in relation to any of the affairs of the time being acting in relation to any of the affairs of the company, and every one of them and every one of their executors and administrators shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions costs, charges, losses, damages and expenses which they or any of them, their executors or administrators shall sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through or by their own willful neglect or default respectively, and none of them shall be answerable for the acts, receipts, neglect or defaults of the other or others of them or for joining in any receipt or the sake of conformity or for any bankers or other persons with whom any moneys or effects belonging to the Company shall be deposited or for insufficiency or deficiency to the security upon which any moneys of or belonging to the Company shall be placed or invested or for any other loss, misfortune or damage which may happen in the execution of their respective offices of trusts or in relation thereto unless the same shall happen by or through their own willful neglect or default respectively.

Article 215: Arbitrations

Whenever, any difference shall arise between the Company on the one hand, and any of the members, their executors, administrators, or assignee on the other hand, touching the true intent or construction or the incidents or consequences of these presents or of the statutes or enactment of the Legislature, or touching anything then or thereafter done, executed, omitted suffered in pursuance of these presents, or of the statues or enactments of the Legislature, or touching any breach or otherwise relating to these presents, or any claim on account of any such breach or alleged breach or otherwise relating to these presents every such difference shall be referred to the Arbitration of two arbitrators, one to be appointed by them (i.e. arbitrators) before entering on the reference of failing such agreement by the Court, or to the Arbitrators of a single arbitrators if the parties to the difference agree to such reference. The Arbitration Act, 1940 shall apply to such arbitration proceeding

SECTION IX : OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this RHP may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this RHP until the closing of the subscription list.

A. MATERIAL DOCUMENTS

1. Copy of Memorandum of Understanding dated 13th July 2007 between Porwal Auto Components Ltd. and Keynote Corporate Services Limited, Book Running Lead Manager to the Issue.
2. Copy of Memorandum of Understanding dated 8th March 2006 between Porwal Auto Components Ltd. and Intime Spectrum Registry Ltd., Registrar to the Issue.
3. Copy of tripartite agreement dated 26th June 2007 between the NSDL, PACL, and Intime Spectrum Registry Ltd., Registrar to the Issue.
4. Copy of tripartite agreement dated 10th July 2007 between the CDSL, PACL, and Intime Spectrum Registry Ltd., Registrar to the Issue.
5. Escrow Agreement dated 30th November, 2007 between the Company, BRLM, Escrow Banks and Registrar to the Issue.
6. Syndicate Agreement dated 30th November, 2007 between the Company, BRLM and Syndicate Member.
7. Underwriting Agreement dated [•] between the Company, BRLM and Syndicate Member.

B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum of Articles and Articles of Association of Porwal Auto Components Ltd.
2. Copy of Certificate of Incorporation of Porwal Auto Components Ltd.
3. Copies of Annual report of Porwal Auto Components Ltd. for the five years ended, 31/03/2003, 31/03/2004, 31/03/2005, 31/03/2006 and 31/03/2007 and for six months ended 30/09/2007.
4. Copy of certificate dated 24/11/2007 issued by ASSG & Co., Chartered Accountants & Statutory Auditors of the Company reporting financials in terms of part II schedule II of the companies Act, 1956 and including, taxation statement, accounting ratios.
5. Copy of letter dated 28/11/2007 received from ASSG & Co., Chartered Accountants & Statutory Auditors of the Company regarding tax benefits accruing to the company and its shareholders.
6. Copy of Certificate of Sources and Deployment of Funds date 28/11/2007 issued by ASSG & Co., Chartered Accountants.
7. Copy of sanction letter dated 15/07/2005, received from State Bank of Indore, regarding grant of Term Loan
8. Copy of sanction letter dated 08/07/2006 received from State Bank of India, regarding grant of Working Capital facility.
9. Copies of Undertakings from the company
10. Copy of Letter of Offer dated 14/02/2007 in respect of the open offer made to the shareholders of PACL.
11. Copies of Consents from the Directors of the Company, Registrar to the Issue, Lead Managers to the Issue, Auditors, Bankers to the Company, Legal Advisor to the Issue, Compliance Officer, Company Secretary.
12. Resolutions :
 - Dated 23/07/2005 for appointment and approval of remuneration of Mr. Surendra Jain as Chairman, Whole Time Director of the company
 - Dated 23/07/2005 for appointment and approval of remuneration of Mr. Devendra Jain as the Managing Director of the company



13. Due diligence Certificate dated 08/08/2007 to SEBI from Keynote Corporate Service Limited.
14. Credit Analysis and Research Ltd. (CARE) report for IPO grading along with their rationale dated October 15, 2007
15. Due Diligence report dated 03/08/2007 from Legal Advisors to the issue, Corporate Law Chambers India.
16. Copy of in-principle listing permission received from BSE vide their letter no. DCS/IPO/SC/IPO-IP/924/2006-07 dated September 12, 2007.
17. Copy of in-principle listing permission received from OTCEI vide their letter no. 0985/LSTG/07/0236 dated September 07, 2007.
18. SEBI observation letter no. CFD/DIL/PB/AC/109212/2007 dated November 22, 2007.

Any of the contracts or documents mentioned in this offer document may be amended or modified at any time if so required in the interest of the company or if required by other parties without reference to the shareholders subject to compliance of the provisions contained in the company act and other relevant statutes.

DECLARATION

We the Board of Directors of the Company jointly & severally declare that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. The Board of Directors of the Company further certifies that all the statements in this offer document are true and fair.

Yours Faithfully,

By the order of Board of Directors

PORWAL AUTO COMPONENTS LIMITED

**Sd/-
Surendra Jain**
Chairman

**Sd/-
Devendra Jain**
Managing Director

**Sd/-
Mukesh Jain**
Whole time Director

**Sd/-
Surajmal Kucheria**
Director

**Sd/-
Ashish Saboo**
Director

**Sd/-
Nitin Dafria**
Director

Place: Indore

Date: December 03, 2007

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