



G B Tools & Forgings Limited

(The Company was incorporated as public limited company under Part IX of the Companies Act, 1956 on February 15, 2011 and the Certificate of Commencement of Business was received on March 03, 2011. The Corporate Identification Number of our Company is U27300PB2011PLC034689.

Registered Office: 11th Mile Stone, VPO Mand, Kapurthala Road, Jalandhar, Punjab - 144 001; Tel.: +91 181 506 7878, Telefax: +91 181 501 7878

Website: www.gbtools.in Email: compliance@gbtools.in

Promoter: Mr. Gian Parkash Bhandari and Mr. Saurabh Bhandari **Compliance Officer:** Mr. Bikram Singh Rana, Finance Controller

PUBLIC ISSUE OF [•] EQUITY SHARES OF FACE VALUE ₹10 EACH OF G B TOOLS & FORGINGS LIMITED (“GB TOOLS” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (“ISSUE PRICE”) INCLUDING SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE AGGREGATING TO ₹4000 LAKHS (THE “ISSUE”). THE ISSUE WILL CONSTITUTE [•]% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

Our Company is considering a Pre-IPO placement of up to [•] Equity Shares, for cash consideration aggregating up to ₹1,000 lakhs with certain investors (“Pre-IPO Placement”). The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. If the Pre-IPO Placement is completed, the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum issue size of 25% of the post-issue paid-up equity capital offered to the public.

THE PRICE BAND AND THE MINIMUM BID LOT SIZE FOR THE ISSUE WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ADVERTISED IN AN ENGLISH NEWSPAPER, A HINDI NEWSPAPER AND A PUNJABI NEWSPAPER, EACH WITH WIDE CIRCULATION, ATLEAST TWO WORKING DAYS PRIOR TO THE BID OPENING DATE

In case of revision in the Price Band, the Bidding / Issue Period shall be extended for three additional working days after such revision, subject to the Bidding / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding / Offer Period, if applicable, shall be widely disseminated by notification to the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager and the terminals of the Syndicate.

The Issue is being made through a Book Building Process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers. Further, not less than 15% of the Issue shall be available for allocation on proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders subject to valid bids being received from them at or above the Issue Price. **All QIB Bidders and Non Institutional Bidders shall compulsorily apply through Application Supported by Blocked Amount (“ASBA”) process. Retail Bidders have an option to participate in this Issue through the ASBA process.** Any Bidder participating in the Issue through the ASBA process should provide the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks (the “SCSBs”). For details in this regard, specific attention is invited to “Offering Information” on page [•] of the Draft Red Herring Prospectus.

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of Equity Shares of the Issuer, there has been no formal market for the Equity Shares of the Issuer. The face value of the Equity Shares is ₹ 10 per Equity Share and the Issue Price is [•] times of the face value at the lower end of the Price Band and [•] times of face value at the higher end of Price Band. The Issue Price (has been determined and justified by the Book Running Lead Manager and the Issuer as stated under the paragraph on “Basis for Issue Price” given on Page [•] of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Issuer or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment 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 Offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the Offer including the risks involved. The Equity Shares offered in this 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 document. Specific attention of investors is invited to the section titled “Risk Factors” given on Page [•] of this Draft Red Herring Prospectus.

ISSUER’S ABSOLUTE RESPONSIBILITY

Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in the Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes this offer document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”). In-principle approvals for the listing of the Equity Shares of our Company from BSE and NSE has been received vide their letters dated [•] and [•] respectively. For the purpose of this Issue, BSE shall be the Designated Stock Exchange.

IPO GRADING

This Issue has been graded by [•] and has been assigned [•] indicating [•]. The IPO Grading is assigned on a 5 point scale from 1 to 5 with a Grade 5/5 indicating strong fundamentals and 1/5 indicating poor fundamentals. For further details please see the chapter titled “General Information” on page [•] and “Annexure” on page [•] of Draft Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER



SPA Capital Advisors Limited *
SEBI Regn.: INM 000010825
25, C - Block, Community Centre
Janak Puri, New Delhi - 110 058
Tel. +91 11 2551 7371, 4567 5500
Fax +91 11 2553 2644
Email: gbtools.ipo@spagroupindia.com
Investor grievance e-mail id: grievances.mb@spagroupindia.com
Website: www.spacapital.com
Contact Person: Mr. Saurabh Gupta / Ms. Ashi Sood

REGISTRAR TO THE ISSUE



Beetal Financial & Computer Services Private Limited
SEBI Regn.: INR 000000262
Beetal House, 3rd Floor
99 Madangir, Behind Local Shopping Centre
New Delhi - 110 062
Tel.: +91 11 2996 1281 - 83
Fax.: +91 11 29961284
Email: gbtools@beetalfinancial.com
Website: www.beetalfinancial.com
Contact Person: Mr. S P Gupta

* SPA Capital Advisors Limited, having a valid SEBI Registration Certificate till November 30, 2012, has applied for permanent registration with SEBI vide application dated August 29, 2012.

BID / ISSUE PROGRAM

BID / ISSUE OPENS ON	[•]
BID / ISSUE CLOSING ON	[•]

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DEFINITIONS AND ABBREVIATIONS

Company Related Terms

Term	Description
“GB Tools”, “the Company”, “our Company” or “Issuer”	Unless the context otherwise requires, refers to, GB Tools & Forgings Limited, a public limited company incorporated under the Companies Act, 1956
“we”, “us” and “our”	Unless the context otherwise requires, refers to GB Tools & Forgings Limited together with its Subsidiaries
Articles / Articles of Association / AOA	The Articles of Association of our Company, as amended from time to time
Auditors / Statutory Auditors	The Statutory Auditors of our Company, Kumar Ashwani & Associates, Chartered Accountants, 85, Green Park, Cool Road, Jalandhar City
Board of Directors / the Board / our Board	The Board of Directors of GB Tools & Forgings Limited and includes its committee thereof
Directors / our Directors	The Director(s) of GB Tools & Forgings Limited, unless otherwise specified
Group Companies	Group Companies, wherever they occur, shall mean companies, firms, ventures, etc. promoted by the Promoters of our Company, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act, 1956 or not. In this case such entities as mentioned in the section titled “ <i>Our Promoter and Group Entities</i> ” on page 88.
Key Management Personnel / KMP	The personnel listed as key management personnel in the section titled “ <i>Our Management - Key Management Personnel</i> ” on page 86.
Memorandum / Memorandum of Association / MOA	The Memorandum of Association of our Company, as amended from time to time
Promoters	The Promoters of our Company being Mr. Gian Parkash Bhandari and Mr. Saurabh Bhandari
Promoter Group	In addition to our Promoter, includes such entities constitution our promoter group pursuant to Regulation 2(zb) of SEBI ICDR Regulations namely: Ms. Neelam Bhandari, Ms. Milli Bhandari, Ms. Richa Kochhar, Mr. Puneet Kochhar and Mr. Rajinder Singh Goyal. The companies which are a part of Promoter Group are as follows: GB Medicare Private Limited, SNB Engineering Private Limited and Indian Tools Technology Centre. The HUFs and partnership firms which are form a part of the Promoter Group are as follows: G. P. Bhandari (HUF), M/s Anbika Builders & M/s JVG Enterprises
Registered Office / Our Registered Office	Registered Office of our Company situated at 11th Mile Stone, VPO Mand, Kapurthala Road, Jalandhar - 144 001, Punjab

Issue Related Terms

Term	Description
Allotment or Allot or Allotted or Allocation	Issue, transfer and allotment of the Equity Shares to successful Bidders pursuant to this Issue.
Allottee	A successful Bidder to whom Equity Shares are Allotted
Application Supported by Block Amount (ASBA)	Application (Whether physical or electronic) used by a Bidder to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with the SCSB
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	Any Bidder who intends to apply through ASBA and makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form

Term	Description
Banker(s) to the Issue / Escrow Collection Bank(s)	[●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, as described in section titled <i>“Issue Procedure - Basis of Allotment”</i> on page 196
Bid	An indication to make an offer during the Bidding Period by a Bidder pursuant to submission of a Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder, including ASBA Bidder, on submission of a Bid in the Issue
Bid / Issue Closing Date	The date after which the Syndicate and SCSBs will not accept any Bids, which shall be notified in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language
Bid / Issue Opening Date	The date on which the Syndicate and SCSBs shall start accepting Bids, which shall be notified in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language
Bidding Centre	A centre where Bid cum Application Form can be submitted.
Bid cum Application Form	The form in terms of which the Bidder, including ASBA Bidder, will make an offer to purchase Equity Shares and which shall be considered as the application for the issue/transfer of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding / Issue Period	The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days during which prospective Bidders can submit their Bids, including any revisions thereof
Bid Revision Form	The form used by the Bidder, including ASBA Bidder, to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid cum Application Forms or any previous Bid Revision Form(s)
Book Building Process	The method of book building as described in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
BRLM / Book Running Lead Manager	The Book Running Lead Manager to the Issue, in this case being SPA Capital Advisors Limited
CAN / Confirmation of Allocation Note / Allotment Advice	The note or advice or intimation of allocation of Equity Shares sent to the successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof
Cap Price	Higher end of the Price Band, including revisions thereof, above which the Issue Price will not be determined and above which no Bids will be accepted
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids under the Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchanges, a list of which is available on www.sebi.gov.in
Cut-off Price	The Issue Price finalized by our Company, in consultation with the BRLM which will be any price within the Price Band. Only Retail Bidders whose Bid Amount does not exceed ₹ 200,000 are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which will collect the Bid cum Application Form used by ASBA Bidders, a list of which is available on www.sebi.gov.in
Designated Date	The date on which funds are transferred from the Escrow Accounts to the Public Issue Account and the amount blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Equity Shares will be Allotted
Designated Stock Exchange	BSE Limited

Term	Description
“Draft Red Herring Prospectus” / “DRHP”	The Draft Red Herring Prospectus dated September 10, 2012 filed with the SEBI
Eligible NRI	A Non Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitute an invitation to subscribe for the Equity Shares
Equity Listing Agreements	Equity listing agreements entered into by our Company with the Stock Exchanges
Equity Share(s)	Equity Shares of our Company of face value of ₹ 10 each
Escrow Account (s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement dated [●] entered into amongst the Company, the Registrar to the Issue, the Book Running Lead Manager, the Syndicate Members and the Escrow Collection Bank for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First Bidder	Bidder whose name appears first in the Bid cum Application Form
Floor Price	Lower end of the Price Band and any revisions thereof, below which the Issue Price will not be finalized and no Bids will be accepted and which shall not be lower than the face value of our Equity Shares.
IPO Grading Agency	[●]
Issue	Public Issue of [●] Equity Shares of face value of ₹ 10 each of the Company for cash at a price of ₹ [●] per Equity Shares (including a share premium of ₹ [●] per Equity Share) aggregating ₹ 4,000 lakhs.
Issue Agreement	The agreement dated August 28, 2012 entered into amongst our Company and the BRLM pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Price	The final price at which Equity Shares will be Issued and Allotted to the successful Bidders, in terms of this Red Herring Prospectus and the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Mutual Fund Portion	5% of the Net QIB Portion equal to a minimum of [●] Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion on a proportionate basis.
Mutual Fund(s)	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Non-Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000.
Non-Institutional Portion	The portion of the Issue, being not less than 15% of the Issue i.e. [●] Equity Shares, available for allocation to Non Institutional Bidders
Non-Resident Indian or NRI	A person resident outside India, who is a citizen of India or a person of Indian Origin and will have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000.
Pay-in Date	Bid Closing Date
Pay-in Period	The period commencing on the Bid Opening Date and extending until the Bid Closing Date.
Price Band	Price band of a minimum price (Floor Price) of ₹ [●] and a maximum price (Cap Price) of ₹ [●], including revisions thereof. The Price Band for the Issue will be decided by our Company, in consultation with the BRLMs and advertised in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language at least two (2) Working Day prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price.
Pricing Date	The date on which our Company, in consultation with the BRLMs will finalize the Issue Price.

Term	Description
Prospectus	The Prospectus dated [●] filed with the RoC in terms of Section 60 and 60B of the Companies Act, containing, among other things, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information and including any addenda or corrigenda thereof.
Public Issue Account	Bank account to be opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date.
Qualified Institutional Buyer or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and sub-accounts registered with the SEBI, (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 2,500 lakhs and pension funds with minimum corpus of ₹ 2,500 lakhs, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India, and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
QIB Portion	The portion of the Issue being upto 50% of the Issue i.e. upto [●] Equity Shares available for allocation to QIBs
Red Herring Prospectus or RHP	The Red Herring Prospectus dated [●], issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the Issue Price and the Price Band and which becomes the Prospectus after filing with the RoC after the Pricing Date.
Refund Account(s)	Account(s) opened with Refund Bank from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made
Refund Bank	Escrow Collection Bank with which the Refund Account is opened, in this case being [●]
Registrar / Registrar to the Issue	Beetal Financial and Computer Services Private Limited
Registrar's Agreement	The agreement dated [●] entered into amongst our Company and the Registrar to the Issue pursuant to which certain arrangements are agreed to in relation to the Issue.
Retail Bidder(s)	Bidders (including HUFs and NRIs), who have Bid for Equity Shares for an amount less than or equal to ₹ 200,000 in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue, being not less than 35% of the Issue i.e. [●] Equity Shares at the Issue Price, available for allocation to Retail Bidder(s)
Self Certified Syndicate Bank(s) / SCSB(s)	Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of ASBA Accounts, a list of which is available on http://www.sebi.gov.in/pmd/scsb.html
SPA	SPA Capital Advisors Limited
Stock Exchanges	The BSE and the NSE
Syndicate Members	[●]
Syndicate / Members of the Syndicate	The BRLM, the Syndicate Members and sub syndicate members
Specified Cities	Cities as specified in the SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011, namely, Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat.
Syndicate Agreement	Agreement dated [●], entered into among the Syndicate, our Company in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue
TRS / Transaction Registration Slip	The slip or document issued by the Syndicate or to the Bidder as proof of registration of the Bid
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	Agreement dated [●] entered into between the Underwriters and our Company

Term	Description
Working Day(s)	All days other than a Sunday or a public holiday (except in reference to announcement of Price Band and Bidding Period, where a working day means all days other than a Saturday, Sunday or a public holiday), on which commercial banks in Mumbai are open for business

Conventional and General Terms / Abbreviations

Term	Description
A/c	Account
Act or Companies Act	The Companies Act, 1956, as amended from time to time
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BIFR	Board for Industrial and Financial Reconstruction
BSE	Bombay Stock Exchange Limited
CARO	Companies (Auditors' Report) Order, 2003
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, in this case being NSDL and CDSL
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director's Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI
DP ID	Depository Participant's Identity
ECB	External Commercial Borrowings
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPF Act	The Employees Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per Equity Share i.e., profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/period.
ESI Act	Employees State Insurance Act, 1948
ESOP / ESOS	Employees Stock Option Plan / Employees Stock Option Scheme
ESPP / ESPS	Employees Stock Purchase Plan / Employees Stock Purchase Scheme
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment, as understood under applicable Indian regulations
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed there under, as amended.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 as amended.
Foreign Institutional Investor / FII	Foreign institutional investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India
Financial Year / Fiscal Year / FY	A period of twelve months ended March 31 of that particular year, unless otherwise stated.
FIs	Financial Institutions

Term	Description
FVCI	Foreign Venture Capital Investor, registered with SEBI (Foreign Venture Capital Investor) Regulations, 2000
GDR	Global depository receipts
GoI or Government of India	Government of India
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IFRS	International financial reporting standards
IPO	Initial public issue/ offering
IT	Information Technology
IT Act / Income Tax Act	The Income Tax Act, 1961, as amended
KVA	Kilo volt ampere
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended
MICR	Magnetic ink character recognition
Mutual Fund	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
N.A.	Not applicable
NAV	Net Asset Value
Negotiable Instruments Act	The Negotiable Instruments Act, 1881, as amended
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
“Non Residents” or “NRs”	Non Resident
“Non Resident Indian” / “NRIs”	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, such terms as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
NRE Account	Non - Resident External Account
NRO Account	Non - Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
“Overseas Corporate Body” or “OCB”	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 and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
p.a.	Per annum
PAN	Permanent Account Number
P/E Ratio	Price/earnings ratio
RBI	Reserve Bank of India
RoC	Registrar of Companies, Punjab Himachal Pradesh and Chandigarh
RoNW	Return on Net Worth
INR / Rs. / Rupees / ₹	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	The Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	The Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SICA	The Sick Industrial Companies (Special Provision) Act, 1985, as amended

Term	Description
Sqm	Square Meter
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, as amended from time to time
SSI Undertaking	Small Scale Industries Undertaking
TAN	Tax Account Number
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Venture Capital Funds / VCF	Venture Capital Funds as defined and registered with SEBI under SEBI (Venture Capital Fund) Regulations, 1996 as amended from time to time
Water Act	The Water (Prevention and Control of Pollution) Act, 1974

Industry and Business related terms / Abbreviations

Term	Description
AMP	Automotive Mission Plan
BIS	Bureau of Indian Standards
CNC	Computer Numerical Control
CRV	Chrome Vanadium
CS	Carbon Steel
CAGR	Compound Annual Growth Rate
DIPP	Department of Industrial Policy and Promotion
DIY	Do It Yourself
ECB	European Central Bank
EEPC India	Engineering Exports Promotion Council of India
ESO	Engineering Service Outsourcing
EU	Europe
FDI	Foreign Direct Investment
FOB	Freight On Board
GDP	Gross Domestic Product
GOEMs	Global Original Equipments Manufacturers
IIP	Index of Industrial Production
IBEF	Indian Brand Equity Foundation
KVA	Kilo Volt Ampere
KW	Kilo Watt
MOSPI	Ministry of Statistics and Programme Implementation
MTPA	Metric Tons Per Annum
OEMs	Original Equipment Manufacturers
PMIs	Purchasing Managers Indices
PSEB	Punjab State Electricity Board
RBI	Reserve Bank of India
R&D	Research & Development
SMEs	Small and Medium Enterprises
UAE	United Arab Emirates
USA	United States of America
USD	United States Dollar

CURRENCY OF FINANCIAL PRESENTATION

In the Draft Red Herring Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “G B Tools & Forgings Limited”, unless the context otherwise indicates or implies, refers to G B Tools & Forgings Limited. In the Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “ten lac / lakh”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred crore”. In the Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout the Draft Red Herring Prospectus, unless otherwise stated, all figures have been expressed in lakhs. Unless indicated otherwise, the financial data in the Draft Red Herring Prospectus is derived from our restated financial statements prepared in accordance with Indian GAAP and included in the Draft Red Herring Prospectus. Unless indicated otherwise, the operational data in the Draft Red Herring Prospectus is presented on a basis and refers to the operations of our Company. In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practice and Indian GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions used in the Draft Red Herring Prospectus, see the section Definitions and Abbreviations on page 1 of the Draft Red Herring Prospectus. In the section titled “Main Provisions of Articles of Association”, defined terms have the meaning given to such terms in the Articles of Association of our Company.

USE OF MARKET DATA

Unless stated otherwise, market data used throughout the Draft Red Herring Prospectus was obtained from internal Company reports, data, websites and industry publications. Industry publication data and website data generally state that the information contained therein has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although, we believe market data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed by us to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENT

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national economics.
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussions of factors that could cause our actual results to differ, please refer to the sections titled “Risk Factors” “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of the Operations” on pages 10, 63 and 140 of the Draft Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we, our Directors nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM 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.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risk we may face. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein. In making an investment in this Issue, prospective investors must rely on their own examination of our Company and terms of the Issue. The numbering of the Risk Factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

INTERNAL RISK FACTORS

- There are certain legal proceedings involving our company, promoters & directors that have been initiated against our Company, its Directors, Promoters, and Group Companies.***

There are certain litigations outstanding against our Company, our Group Entities and our Directors, brief details of which are as under:

Nature of Litigations	No. of Cases	Extent of Liability/ Claim (in ₹ Lacs)
I. Instituted against our Company		
Criminal Proceedings	Nil	Nil
Civil Proceedings	2	2.46
Central Excise/	1	19.80
Labour Related Cases	12	8.43
II. Instituted by our Company		
Criminal Proceedings	7	11.24
Civil Proceedings	7	16.28
Income tax Act	5	15.37
Fringe benefit tax	2	1.40
Central Excise	1	3.59
III. Instituted by our Group Entities		
Criminal Proceedings	1	0.41
Civil Proceedings	1	1.47
IV. Litigation Against Independent Director (Criminal proceedings)	1	Amount unascertainable

No assurance can be given as to whether these legal proceedings will be decided in their favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims. For further details on legal and regulatory proceedings, see section titled “Outstanding Litigation and Material Developments” on page 148 of the Draft Red Herring Prospectus.

- The funding requirements and the deployment of the proceeds of the Issue are based on Management estimates and have not been independently appraised. Further, the deployment of the Issue proceeds is entirely at our discretion and is not subject to any monitoring by an independent agency.***

Our funding requirements and the deployment of the proceeds of the Issue are based on Management estimates and have not been appraised by any bank or financial institution. Further, such estimates are based on market conditions and management expectations as of the date they were made. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. Significant revisions to our

funding requirements or the deployment of Issue proceeds may result in the rescheduling of our resource raising programs and an increase or decrease in our proposed expenditure for a particular object.

Further, we have not appointed any independent monitoring agency to monitor the utilization of the proceeds raised from this Issue. The Issue proceeds will be utilized at the sole discretion of the Board of Directors of our Company. For further details please refer to section titled “Objects of the Issue” on page 41 of the Draft Red Herring Prospectus.

- 3. *We have not yet entered into definitive agreements to utilize the proceeds the Issue. Any delay in finalization and placement of order for machinery and equipments for the proposed expansion & modernization of manufacturing facility***

We have not entered into any definitive agreement or placed any orders for the modernization and expansion program for which funds are proposed to be raised through this Issue. Whilst the quotations obtained by us for equipment, installations or building works in connection with such projects are described in “Objects of the Issue” on page 41 of the Draft Red Herring Prospectus, such costs are subject to change in the light of various factors beyond our control, including delays or increase in quoted prices by identified vendors. Our inability to complete the identified projects as per the stated schedules of implementation may lead to cost overruns and may impact our future profitability.

Also the requirement of electric cable & accessories, computers and office equipments aggregating to ₹19.50 lakhs are purely management estimates and not based on quotations from vendors.

- 4. *We may face difficulties in executing our strategy including our expansion cum modernisation plans for our manufacturing facilities, and there can be no assurance that our planned capital expenditures will result in growth and / or additional profitability for our Company.***

Our proposed expansion and modernisation of operations requires capital expenditures for ₹ 3,217.42 Lacs.. Further, we may make substantial investments in the future for establishing new manufacturing facilities and upgrading our existing manufacturing facilities. so that they comply with the international standards. Delays in the construction and equipping or expansion of our facilities could result in loss or delayed receipt of earnings, increase in financing and construction costs, and our failure to meet profit and earnings budgets may require us to reschedule or reconsider our planned capacity expansions and accordingly would have an adverse effect on our financial condition and results of operations.

For further information, see “Objects of the Issue” and “Our Business” on pages 41 and 63 of the Draft Red Herring Prospectus respectively.

- 5. *We operate in a competitive business environment, both globally and domestically. Competition from existing players and new entrants and consequent pricing pressures may adversely affect our business, financial condition and results of operations.***

The Hand Tools industry is highly competitive. Growing competition may subject us to pricing pressures and require us to reduce the prices of our products and services in order to retain or attract customers, which may have a material adverse effect on our revenues and margins. Further, several of our competitors are large international and national companies and have access to greater resources or may be able to develop or acquire technology or partner with innovators or customers at terms which are not presently feasible for us, due to our current scale of operations. Any failure to keep abreast with technological advancements might place our competitors at an advantageous position in terms of cost, efficiency and timely delivery of final products. While we undertake research and development (“R&D”) to develop cost and time efficiencies and to broaden our product range, in particular in certain niche segments, in the event our competitors develop better process technology or improved process yield or are able to source raw materials at competitive prices, and are therefore able to create new products or substitutes for our products at competitive prices, we may not be able to maintain our growth rate and revenues and our profitability may decline. Any of these factors may have a material adverse effect on our business and prospects.

6. There are two auditor qualifications in our company's restated financial statement

The restated financial statements contains the following two qualifications by our auditors as under

- a. The Company has given Guarantee of ₹ 5 Crores on behalf of Managing Director Mr. Saurabh Bhandari on loan taken by him for purchase of Residential House in violation of Section 295 of the Companies Act, 1956. However, as per loan document / Board Resolution produced before us, the Company is Co-borrower.
- b. Our Company has given loans to enterprises owned or significantly influenced by KMP at the time, prior to conversion of the partnership into Company. Details are as follows:

S. No.	Name of Party	Amount (₹Lacs)	Year
1.	Ambika Exports	27.27	2010-11
2.	JVG Enterprises	83.70	2010-11

7. We have not provided for certain contingent liabilities as on March 31, 2012, which if materializes could adversely affected our financial position.

As per our financial statements as of March 31, 2012, our Contingent liabilities not provided for are as following:

- a) Guarantees of ₹ 5 Crores given on behalf of Managing Director, Mr. Saurabh Bhandari on loan taken by him
- b) Income Tax liabilities not acknowledged as debt
- c) Following are the claims against the company for which Appeals have been made:

(₹ in Lakhs)

Particulars	March 31, 2012
Income tax	7.54
Excise & Customs	22.08
Labour Deptt.	6.12

8. We earn majority of our revenues from a few major customers which account for a significant portion of its income. The loss of any one of our Company's major customers or a decrease in the volume of business derived from these customers may adversely affect our Company's results of operations.

Our Company derived a significant portion of its income from a few major overseas customers. For the Fiscals 2011-2012 we derived 32.62% of our revenues from operations from our five major overseas customers. The loss of any one of our Company's major customers or a decrease in the volume of export business derived from these customers may adversely affect our Company's results of operations.

9. We could face currency exchange risks as a significant percentage of our products is exported and denominated in foreign currencies.

The exchange rate between the Indian Rupee and various convertible foreign currencies has changed substantially in recent years and may continue to fluctuate significantly in the future. We export a significant portion of our products to Europe, USA, Asia and other countries which are denominated in US Dollar and other currencies. Accordingly our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Indian Rupee and such foreign currencies.

10. We may be subject to restrictive covenants, including restriction on raising of further capital, under term loans and working capital facilities provided to us by our Banker.

We have availed of several loans and financial facilities and term loans from various lenders including Bank of India, Punjab National Bank, HDFC Bank, SIDBI, Tata Capital Finance and India Bulls Housing Finance Limited. In respect of various agreements entered into by our Company with our Lender and sanction letters issued by them to us, we are bound by certain restrictive covenants regarding capital structure and other

general restrictive covenants. The restrictive covenants as imposed by the lenders on our Company are as under:

- All the assets charged to the Bank to be kept fully insured at all times against all risks and original Insurance Cover note / policy in the name of the Bank a/c borrower firm / company with Bank's Hypothecation clause to be lodged with the Bank.
- Without prior written permission of the Bank, there should not be any alteration in the constitution, controlling ownership or any document relating to the constitution or material change in the Management or in the nature of business or operations of the Issuer during the period of subsistence of facilities.
- Bank has the right to appoint a nominee Director on the Board to oversee the functioning of the Company.

Further, our immovable properties and factory equipments are charged to lenders / Banks as per the terms and conditions of the term loan agreement. For details of the loans availed and assets charged, please refer to section titled "Financial Indebtedness" on page 95 of the Draft Red Herring Prospectus. We have obtained the consent from our main banker, Bank of India for the purpose of the Issue.

11. *We have to renew or maintain statutory and regulatory permissions and licenses as required to operate our business and any delay or inability to obtain the same may have an adverse impact on our business.*

We require certain statutory and regulatory permissions, licenses and approvals to operate our business. Some of these approvals are granted for fixed periods of time and need renewal from time to time. We are required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permissions or approvals in time or at all. Failure by us to renew, maintain or obtain the required permissions or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business. For details of pending approvals, see the Section titles "Government and Other Approvals" on page 163 of the Draft Red Herring Prospectus.

12. *Our success depends upon our ability to retain the Key Management and other personnel.*

Our success will significantly depend on the expertise, experience and continued efforts of our whole time Directors, including our promoter Mr. Gian Parkash Bhandari, and our key managerial personnel. Our future performance may be affected by any disruptions in the continued service of these persons. Any cause leading to loss of service of any of them could seriously impact our ability to continue to manage and expand our business, thus adversely affecting our operations and financial condition.

13. *We may fail to attract and retain trained employees as competition for skilled personnel is intense.*

We operate in an industry which requires skilled technical resources and our success depends in large part upon our ability to attract, hire, train and retain qualified employees, including our ability to attract employees with needed skills in the geographic areas in which we operate. In the event we are not be able to attract a high degree of talented employees, or experience higher attrition levels which are largely out of our control or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

14. *Our success depends upon our ability to manage the growth of our business. Inability to manage our growth can adversely affect our business and financial performance.*

In financial year 2011-12 our revenue from operations were ₹ 7,713.56 Lacs as compared to revenue from operations of ₹ 4,084.06 Lacs in the financial year 2007-08. The CAGR of our revenue from operations over the last Four fiscal years stood at 17.23%.

We may not be able to sustain our growth or maintain a similar rate of growth in the future due to a variety of reasons including increased competition, inability to maintain high levels of product quality and customer satisfaction, inability to evolve new designs, inability to have long term relationship with our customers, non-availability of professionals with necessary skill sets, lack of management resources or due to a general

slowdown in the economy. Any inability to manage our growth may have an adverse affect on our business and results of operations.

15. *We are susceptible to volatility of prices of our raw material mainly Alloy steel. Fluctuation in the prices of alloy steel may adversely affect our results of operations.*

A significant proportion of raw material we consume is Alloy steel strips and bars purchased locally. While we are not significantly dependent on any single manufacturer/supplier of such raw materials, raw material cost are dependent on global commodity prices which are subject to fluctuations. Also prices of Alloy steel are subject to fluctuation, depending on, among other factors, the number of producers and their production volumes and changes in demand in the markets. Volatility in price of Alloy steel may adversely affect our profitability.

16. *Our business is largely dependent on our continuing relationships with our customers, with whom we have not entered into long term arrangements.*

We do not have long term arrangements with any of our overseas customers to purchase our products in the future, at the current prices or at all. There is no assurance that we will be able to continue to procure business from the existing customers or to retain the existing customers, or that we will be able to replace our customer base in a timely manner or at all, in the event our existing customers do not continue to purchase products manufactured by us. Such loss of customers may have an adverse effect on our revenues, cash flows and operations, including an interruption or partial or total work stoppage at our manufacturing facilities.

17. *We have entered into a number of related party transactions, which may involve conflict of interest*

We have entered into a number of related party transactions. Such transactions or any future transactions with related parties may potentially involve conflicts of interest and impose certain liabilities on our Company. For further details, see the section titled “Financial Statements” beginning on page 95 of the Draft Red Herring Prospectus.

18. *The mutation of the land of our manufacturing facility at Jalandhar, owned by the erstwhile Partnership Firm, M/s Ambika Forgings, in the name of its Partners, has not taken place in the name of our Company in the revenue records of the State Government.*

The premises of our existing manufacturing facility at Jalandhar are in the names of the partners of erstwhile partnership firm, M/s Ambika Forgings. The land was held in the name of the partners of M/s Ambika Forgings, namely Mr. Gian Parkash Bhandari and Mrs. Neelam Bhandari and formed part of the Asset block of the Firm, which later got converted into our company under Part IX of the Companies Act, 1956. This land now forms part of the Assets of our Company and vest into the Company vide section 575 of the companies Act, 1956. We have already applied for mutation of the land in our name with the competent authorities of the state government. However, mutation of the land in the name of the company has not taken place in the revenue records of the state government.

19. *Certain of our premises are leased, and we are in the process of completing conveyance procedures for such premises. In the event any of our lessors allege breach or delay in performance, we may be required to incur additional costs in resolving such claims or acquiring new facilities.*

The premises of our manufacturing facility at industrial area at Sansarpur Terrace, HP are leased by Government of Himachal Pradesh for 95 years. These industrial plots were allotted by the Government of Himachal Pradesh to the partners of erstwhile partnership firm M/s Ambika Forgings which was converted into our Company. Out of these three industrial plots, two plots measuring 1,750 square meters were allotted in the name of Mr. Gian Parkash Bhandari , and the lease deed for the same has been executed. However the lease deed for third plot measuring 1,000 square meters allotted in the name of Mrs. Neelam Bhandari is yet to be executed.

The Sansarpur Terrace land leased on the name of Ambika Forgings & erstwhile partners of Ambika Forging, formed the asset block of the firm, which later got converted into our Company under part IX of the Companies Act, 1956. This land now forms part of the assets of our Company and vest into the Company vide section 575 of the Companies Act, 1956.

Further the Lease of our Marketing Office at Delhi has expired on 31st July 2011 and is yet to be renewed. has not yet been renewed. In the event the lessor terminates or does not renew the lease on commercially acceptable terms, or at all, and we are required to vacate the premises, in such an event, we may be compelled to identify alternative premises and enter into fresh lease. Such a situation could result in loss of business and may adversely affect our operations and profitability.

20. *Our Promoters and Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval in their favor.*

Our Promoter Group will continue to be the largest shareholders, holding [●]% of post-issue equity capital of the company. As significant shareholders, our Promoters may have interests which may affect the interests of shareholders and /or our interests and may have the ability to determine the outcome of any shareholder resolution.

21. *Delays or defaults in client payments could result in a reduction of our profits.*

We regularly commit resources to orders prior to receiving advances or other payments from clients in amounts sufficient to cover expenditures on orders as they are incurred. We may be subject to working capital shortages due to delays or defaults in client payments. If clients default in their payments on an order to which we have devoted significant resources, it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

22. *Our Company's results of operations could be adversely affected by strikes, industrial unrest, work stoppages or increased wage demands by its employees or any other kind of disputes with its employees.*

India has stringent labour legislations that protect the interest of workers, including legislations that set forth detailed procedures for the establishment of unions, dispute resolution, employee removal and legislations that impose certain financial obligations on employer upon retrenchment of employees. As on July 31, our Company employed 405 employees at its manufacturing facilities and offices.

Our Company currently has harmonious relations with its employees. However, there can be no assurance that our Company will not, in future experience disruptions to its operations due to disputes or other problems with its work force, which may adversely affect its business and results of operations.

23. *Any future equity offerings or issue of options under future employee stock option scheme may lead to dilution of investor's shareholding in our company.*

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent we decide to grant options to be issued under an employee stock option scheme. We do not have any ESOP scheme currently.

24. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.*

Our company has not declared any dividend so far. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

- 25. Our trademark “Gb tools” and logo being used is not registered with the trade mark authority. If we fail to obtain trademark registrations our brand building efforts may be hampered and our business could be adversely affected.**

Our intellectual property consists mainly of our rights to use “Gb tools” name and logo. Though we own the trademark for our name and logo, our application for registration of same is pending before the Trade Marks registry, New Delhi. We cannot guarantee that any of our pending applications will be approved by the appropriate regulatory authorities. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge such or other registrations. If our applications for such registration are not approved, our brand-building efforts could suffer and third parties may attempt to pass off using our trade mark/ trade name. This could impact our business and affect our goodwill. For further details of our trademark registrations, see section titled “Government and other Approvals” beginning on page 163 of the Draft Red Herring Prospectus.

- 26. Some of our Group Companies/Ventures have incurred losses in the last three financial years.**

Except the following, none of the Group Companies have incurred any loss in the last three audited financial results:

(Amount in ₹ Lacs)			
Name of Company	2010-2011	2009-2010	2008-2009
GB Medicare Private Limited	(0.07)	-	-
SNB Engineering Private Limited	(0.06)	(0.06)	(0.03)
India Tool Technology Centre	(2.66)	-	-
JVG Enterprises	(37.83)	-	-

EXTERNAL RISK FACTORS

- 27. Any changes in the regulatory framework could adversely affect our operations and growth prospects**

We are subject to various regulations and policies. For details see section titled “Key Industry Regulations” on page 90 of the Draft Red Herring Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse affect on our business, financial condition and results of operations.

- 28. Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance.**

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

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

Any adverse revisions to India’s credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms. This could impact our profitability and ability to obtain financing for capital expenditures and the price of our Equity Shares.

- 30. Regional or International hostilities, terrorist attack or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government Policy. Such incidents could also create a greater perception that investment in Indian**

Companies involves a higher degree of risk and could have an adverse impact on our business and on the market price of our company's equity shares.

- 31. *An active market for the Equity shares may not develop which may cause the price of the equity shares to fall and may limit investor's ability to sell the Equity Shares.***

The Equity Shares are new issues of securities for which there is currently no trading market. Applications have been made to the BSE and NSE for the Equity Shares to be admitted to trading on the BSE and NSE. No assurance can be given that an active trading market for the equity shares will develop or as to the liquidity or sustainability of any such market, the ability of the holders of the Equity Shares to sell their Equity Shares or the price at which share holders will be able to sell their Equity Shares. If an active market for the Equity Shares fail to develop or be sustained, the Trading price of the Equity Shares could fall.

- 32. *Investors will not receive the Equity shares purchased in this issue until several days after they have paid for them, which will subject them to market risk.***

The Equity Shares purchased in this issue will not be credited to investor's demat account with depository participants until approximately 10 working days from the Bid / Issue closing date. Investors can start trading only after receipt of listing and trading approvals in respect of these Equity Shares which will require additional time after the credit of Equity shares into Investors demat account. Further, there can be no assurance that the equity Shares allocated will be credited to investor's demat account, or that the trading in the equity shares will commence, within the time periods specified above.

- 33. *The market value of the Equity Shares may fluctuate due to the volatility of the securities markets.***

The securities markets are volatile and stock exchanges have in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges have experienced problems, which, if these were to continue or recur, could affect the market price and liquidity of the securities of Indian Companies, including the Equity Shares. The governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on the market sentiment.

- 34. *Future issues of equity Shares by our Company may significantly affect the trading price of the Equity Shares.***

Future issue of Equity Shares / convertible instruments by our company or the disposal of Equity Shares by any of the major shareholders or the perception that such issues or sales may occur may significantly affect trading price of the Equity Shares. Other than the lock-in of Pre-issue capital as prescribed under SEBI ICDR Regulations, none of the shareholders are subject to any lock-up arrangements restricting their ability to issue Equity Shares or the Shareholder's ability to dispose of their Equity Shares, and there can be no assurance that any shareholder will not dispose of, encumber, or pledge, his shares.

PROMINENT NOTES:

1. Public issue of [●] equity shares of ₹10 each of GB Tools and Forgings Limited for cash at a price of ₹ [●] per equity share ("Issue Price") including share premium of ₹ [●] per equity share aggregating to ₹ 4,000 lakhs (the "Issue"). The Issue will constitute [●]% of the fully diluted post issue paid-up capital of our Company. Our Company is considering a Pre-IPO Placement of up to [●] Equity Shares, for cash consideration aggregating up to ₹ 1,000 lakhs with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post-Issue paid-up equity capital being offered to the public.

2. Under subscription, if any, in any category would be met with spill-over from other categories or a combination of categories in accordance with applicable laws, regulations and guidelines. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis.
3. The average cost of acquisition of our Equity Shares by our Promoters, Gian Parkash Bhandari and Mr. Saurabh Bhandari, both, is ₹ 12.00 per equity share. For more information, see the section titled “Capital Structure” on page 35 of the Draft Red Herring Prospectus. The average cost of acquisition of Equity Shares by our Promoter has been calculated by taking the average of the amounts paid by them to acquire the Equity Shares currently held by them.
4. The Net Worth of our Company and net asset value/ book value per equity share as on March 31, 2012 is ₹ 1065.09 Lakhs and ₹ 16.39 respectively.
5. No part of the issue proceeds will be paid as consideration to our Promoter, our Directors, our key managerial employees or our promoter group companies or ventures.
6. We have entered into certain related party transactions as disclosed in the “Financial Statements – Related Part Transaction” on page 114 of the Draft Red Herring Prospectus.
7. None of the Promoter Group Companies have any business interest or other interest in our Company except to the extent of remuneration receivable by them in the capacity of Managing Director or Whole Time Director.
8. Our Promoter Group, Directors and their relatives have not financed the purchase by any other person of the equity shares of our Company during the period of six months immediately preceding the date of filing of Draft Red Herring Prospectus with the SEBI.
9. Our Company has not issued any Equity Shares for consideration other than cash.
10. The Investors are advised to refer to the paragraph on “Basis for Issue Price” on page 48 of the Draft Red Herring Prospectus before making any investment in this Issue and “Basis of Allotment” on page 196 of the Draft Red Herring Prospectus.
11. Trading in the Equity Shares of our Company for all investors shall be in dematerialized form only. For further details, see the section titled “Offering Information” on page 180 of the Draft Red Herring Prospectus.
12. There has been no change in the name of our Company since incorporation.
13. Our Company and the BRLM will update the offer document in accordance with the Companies Act and the SEBI ICDR Regulations and our Company and the BRLM will keep the public informed of any material changes relating to our company till the listing of our shares on the Stock Exchanges. No selective or additional information would be made available to a section of investors in any manner whatsoever.
14. Any clarification or information relating to the Issue shall be made available by the BRLM, Compliance Officer and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
15. Investors may contact the BRLM, the Registrar to the Issue or the Compliance Officer for any complaints, clarifications, etc. pertaining to the Issue.

SUMMARY OF INDUSTRY & BUSINESS

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 following summary with the Risk Factors on page 10 of this Draft Red Herring Prospectus and the more detailed information about Goodwill Hospital and Research Centre Limited and the financial statements included in this Draft Red Herring Prospectus.

INDUSTRY OVERVIEW

GLOBAL ECONOMY

The outlook for the global economy is slowly improving again but is still very fragile. Global growth is projected to drop from about 4 percent in 2011 to about 3½ percent in 2012 because of weak activity during the second half of 2011 and the first half of 2012. Real GDP in many emerging and developing economies was somewhat weaker than expected, but growth surprised on the upside in the advanced economies. Real GDP growth in the emerging and developing economies is projected to slow from 6¼ percent in 2011 to 5¾ percent in 2012 but then to reaccelerate to 6 percent in 2013, helped by easier macroeconomic policies and strengthening foreign demand. However, the recovery will remain vulnerable to several major downside risks.

INDIAN ECONOMY OVERVIEW

The Indian economy is the fourth largest economy of the world on the basis of Purchasing Power Parity (PPP). It is one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and strong macro-economic fundamentals. Also, the process of economic reforms initiated since 1991 has been providing and investor friendly environment through a liberalized policy framework spanning the whole economy.

The table below sets India's Real expected GDP growth during the 2012 and 2013 fiscal years, as compared to that of the European Union, United States of America, China, Japan and other Newly Industrialized Asian Economies:

	Actual	Projected	
	2011	2012	2013
Euro Area ¹	1.4	-0.3	0.9
United States	1.7	2.1	2.4
China	9.2	8.2	8.8
Japan	-0.7	2.0	1.7
India	7.2	6.9	7.3
Newly Industrialized Asian Economies	4.0	3.4	4.2

¹ The Euro Area comprises Germany, France, Italy, Spain, Netherlands, Belgium, Greece, Austria, Portugal, Finland, Ireland, Slovak Republic, Slovenia, Luxembourg, Cyprus and Malta. (Source: *World Economic Outlook, April 2012*)

The IMF believes that activity across Asia slowed during the last quarter of 2011, reflecting both external and domestic developments. In India, domestic factors also contributed to the slowdown, as a deterioration in business sentiment weakened investment and policy tightening raised borrowing costs. While part of the expected slowdown to 7 percent in 2012 is a cyclical response to higher interest rates and lower external demand, policy uncertainty and supply bottlenecks are playing a role and will need to be tackled in the near term to ensure that potential growth does not decline.

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of June 2012 stands at 168.3, which is 1.8% lower as compared to the level in the month of June 2011. The cumulative growth, for the period April-June 2012-13, stands at (-) 0.1% over the corresponding period of the previous year. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of June 2012 stand at 124.3, 178.1 and 157.0 respectively, with the corresponding growth rates of 0.6%, 3.2% and 8.8% as compared to June 2011. The cumulative growth in the three sectors during April-June 2012-13 over the corresponding period of 2011-12 has been (-) 1.1%, (-) 0.7% and 6.4% respectively. In terms of

industries, fourteen (14) out of twenty two (22) industry groups (as per 2-digit NIC-2004) in the manufacturing sector have shown non-negative growth during the month of June 2012 as compared to the corresponding month of the previous year.

The Foreign Direct Investment (FDI) investment was USD 46.55 Billion in 2011-12 and USD 7.70 Billion in 2012-13 up to June 2012 as per provisional figures by RBI. The cumulative amount of FDI inflows from April 2000 - June 2012 amounts to USD 260.91 Billion. The FDI equity inflows for the period April 2012 to June 2012 was USD 4.43 Billion and the cumulative FDI equity inflows for the period April 2000 to June 2012 was USD 174.71 Billion, according to Ministry of Commerce and Industry, Department of Industrial Policy and Promotion.

INDIAN FORGING INDUSTRY

The Indian Forging Industry has emerged as a major contributor to the manufacturing sector of the Indian Economy. The composition of the Indian forging industry can be categorized into four sectors – large, medium, small and tiny. As is the case world over, a major portion of this industry is made up of small and medium units/enterprises (SMEs).

The industry was previously more labour intensive. It is closely estimated that the industry provides employment (direct and indirect) to about 200,000 people. More than around 65% of the companies in the forging employ less than 200 people. Now with increasing globalization, the industry is becoming more capital intensive. However, the high cost of capital (technology) still remains a major constraint facing the forging industry (especially the SMEs).

The organized sector accounts for about 65-70% of the total forging production in the country, while unorganized players (who are mainly small and tiny units) cater mainly to job work and the replacement market or tier 3 or tier 4 component manufacturers. The small scale units too are increasing their capital investment to keep pace with increasing demand in the global markets as also to broaden the areas of demand for forgings. Many of them are now suppliers to Original Equipment Manufacturers (OEMs) in the Automobile sector, which speaks volumes about their efforts at technology and quality up gradation.

The Indian Forging industry has been growing at a CAGR of 29% from 2003 onwards, and on an average exports contribute around 10-15% of the industry's production. The capacity of the industry is estimated to be around 1.5 million tonnes and the industry currently operates around 70% capacity utilization producing around 1.0-1.2 million tonnes of forgings.

Some of the largest customer markets include Automotive and Tool Industry. But, application is not limited to automotive sector alone and there is ample scope for expanding the market of forgings to various sectors like Steel, Coal, Metals & Metal Working Industry; Material Handling & Off Highway Equipment Industry; Cement; Chemical Processing & Oil Exploration Industry; Mechanical Power Transmission Equipment Industry; Sugar & Ship Building Industry; Power Sector; Electric Equipment Industry; Defense Sector; Farm Machinery Industry & Railway Sector. The industry's continuous efforts in upgrading technologies and diversifying product range have enabled it to expand its base of customers. The Indian forging industry is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, Indian forging industry has been making significant contributors to country's growing exports.

INDIAN HAND TOOL INDUSTRY

The Hand Tool Industry is totally a fragmented industry which has both large and small players in the market. There are few organized players in the sectors also like Akar Tools, GB Tools and Taparia Tools etc.

Hand Tools are those types of non-powered tools which are designed for use by experts as well as in Do-It-Yourself (DIY) projects, like home repairs, general maintenance, woodworking, building, mechanics and gardening. The hand tool industry is facing new challenges related to worldwide business globalization and the invention and use of electronic business.

HAND TOOL MARKET IN INDIA

India has a competitive advantage in the hand tool industry compared to other countries because of easy availability of raw material, entrepreneurship skills and skilled labor at competitive wages. The hand tool industry as a whole is witnessing a shift of manufacturing base from traditional manufacturing countries in Europe and Taiwan to the developing world and this is a good sign for India to benefit.

The hand tool manufacturers are spread all over the country particularly in Punjab. Most of the hand tool manufacturers in Punjab are located in Jalandhar and Ludhiana. The state's hand tool industry accounts for 70-80 per cent of India's total hand tool exports, with small and medium enterprises (SMEs) playing a dominant role. According to the Engineering Export Promotion Council, exports in 2011-12 will be around 20 per cent higher than 2010-11. The major export markets are the US and the European Union, which account for 50 per cent of the total exports from the state.

For details, refer to the Chapter titled "Industry Overview" on page 57 of the Draft Red Herring Prospectus.

BUSINESS OVERVIEW

We are in the business of manufacturing and export of Drop Forge Hand Tools and allied forging products. Our products have varied applications and are used in various industries like mechanical, maintenance, automobile, engineering, construction, electrical, and Do It Yourself (DIY) segment. We manufacture and sell these products under our brand "Gb tools" and also to various domestic and international customers under their brands. We are a recognized Star Export House by Government of India since 2009. We have over the years earned for ourselves a sound reputation for our quality products and are licensed by Bureau of Indian Standards to use 'ISI' Mark for most of our products.

Our overseas customers include some of the leading players spread across various business segments. We regularly export to various countries in Europe, Asia, North America & Latin America and has diversified customer base. We have consistently exhibited our ability to meet quality requirements of our overseas customers. In the financial year 2011-12, we exported products to 35 overseas customers which included names like Zavod Novosibirskiy Instrument JSC Russia, MaxTech Consumer Products Limited Canada, Stanley Black & Decker Inc LA USA, Cooper Tools Industrial LTDA, Brazil, Westfälische Gesenkschmiede GmbH Germany etc. In domestic market we route our sales mainly through a network of distributors spread all over India.

We are capable of manufacturing both standardized as well as customized products. Our flexible manufacturing infrastructure enables us to extend our product range and change our product mix as per customer demand and requirement. We have, in the last few years, been successful in obtaining various product approvals from various domestic and international clients. At times, in order to meet the requirement of the customers, we also source products as per our specifications from other manufacturers and supply under our brand or as per directions of the customers. Our products have been inspected and accepted by various third party inspection agencies which are mostly appointed by our clients.

Our Company formally known as Ambika Forgings (a partnership firm till February 2011) has been in the Forging and Hand Tools business since April 1975 and our promoter Mr. Gian Parkash Bhandari has a vast experience of more than 37 years and in depth knowledge of Hand Tools Industry. Currently we have two manufacturing facilities, the main Manufacturing facility is located at Kapurthala Road, Jalandhar and the other unit at Industrial Area, Sansarpur Terrace, District Kangra, HP. Our existing manufacturing plant consists of forging shop, die shop, heat treatment shop, conventional and CNC machining shop, electroplating plants, powder coating plants backed by related quality assurance equipments.

In Financial Year 2010-11 and 2011-12 our revenue from operations was ₹ 5,380.12 Lacs and ₹ 7,713.56 Lacs respectively. Our Net Profits before tax for Financial Year 2010-11 and 2011-12 were ₹ 230.19 Lacs and ₹ 550.93 Lacs respectively. The following table provides a break up of our revenues between domestic and exports sales for the last two years:

Year	2010-11		2011-12	
	Amount (in ₹)	%age	Amount (in ₹)	%age
Export Sales	2,828.35	52.27%	3,811.65	49.41%
Domestic Sales	2,551.77	47.73%	3,901.91	50.59%
Total	5,380.12	100.00%	7,713.56	100.00%

In the financial years 2010-11 & 2011-12, the revenue from our top five overseas customers were ₹ 1,926.11 Lacs & ₹ 2,515.96 lacs constituting 35.80% & 32.62% respectively of revenue from operations.

Our Product range

Product Category	End-Use Industries
Jack Planes of all types, Chisels, Hacksaw, Hand drill machines, cutters	Furniture industry, housing and DIY segment
Jack saw & chain pipe wrenches, Hammers, Socket sets, Cutters, Demolition Hammers	Housing, DIY category, Engineering, Housing & construction
Spanners, pipe wrenches, pliers, tool kits	All type of industries including automobiles & DIY segment

Our Strengths

- Wide International Customer Base
- Wide product range of Hand Tools & Customization capability
- Long Term Marquee Customer Relationships
- Strong management team
- Quality Assurance

For details, refer to the Chapter titled “Our Business” on page 63 of the Draft Red Herring Prospectus.

THE ISSUE

Particulars	Number of Equity Shares
Issue*	: [●] equity shares of face value ₹ 10 each at a premium of ₹ [●] per share for cash aggregating ₹ 4,000 lakhs
Of which	:
Qualified Institutional Buyers Portion	: Not more than [●] equity shares of face value of ₹ 10 each at a premium of ₹ [●] for cash (allocation on proportionate basis), 5% of the QIB portion shall be available for allocation on proportionate basis to Mutual Funds only and the balance QIB Portion shall be available for allocation to all QIBs including Mutual Funds.
Non Institutional Portion	: Not less than [●] equity shares of face value ₹ 10 each at a premium of ₹ [●] for cash
Retail Portion	: Not less than [●] equity shares of face value ₹ 10 each at a premium of ₹ [●] for cash
Equity Shares outstanding prior to the Issue	: 65,00,000 equity shares of face value of ₹ 10 each
Equity Shares outstanding after the Issue	: [●] equity shares of face value ₹ 10 each
Use of net proceeds	: Please see the chapter titled “Objects of the Issue” on page 41 of the Draft Red Herring Prospectus.

* Our Company is considering a Pre-IPO placement of up to [●] Equity Shares, for cash consideration aggregating up to ₹ 1,000 lakhs with certain investors (“Pre-IPO Placement”). The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. If the Pre-IPO Placement is completed, the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum issue size of 25% of the post-issue paid-up equity capital offered to the public.

SUMMARY OF FINANCIAL INFORMATION

The following summary of financial and operating information is derived from the restated standalone financial statements of our Company for the financial years ended March 31, 2012, 2011, 2010, 2009 and 2008 as described in the Auditors Report of Kumar Ashwani & Associates, Chartered Accountants in the section titled “Financial Statements” on page 95 of the Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lakhs)

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Non-current assets					
Fixed assets					
- Tangible assets	1,081.08	1,011.19	1,361.75	1,634.44	2,105.29
Less: Revaluation Reserve	-	-	-	-	-
Net Tangible Assets	1,081.08	1,011.19	1,361.75	1,634.44	2,105.29
- Intangible assets	7.79	11.98	13.43	8.12	9.51
- Capital work-in-progress	267.91	276.14	10.92	17.52	45.55
- Intangible assets under Development					
Non-current Investments					
Total Fixed Assets	1,356.78	1,299.31	1,386.10	1,660.08	2,160.35
Deferred tax asset (net)	-	-	-	-	-
Long-term loans and advances	28.59	34.80	36.60	49.71	52.52
Other non-current assets	-	-	-	-	17.95
Total non-current assets	1,385.37	1,334.11	1,422.70	1,709.79	2,230.82
Current assets					
Inventories	406.02	607.15	893.86	874.00	1,117.62
Trade Receivables	1,056.12	1,034.40	1,005.11	2,227.27	1,270.29
Cash and cash equivalents	61.90	243.34	86.45	67.91	128.27
Short-term loans and advances	620.05	525.01	389.48	574.12	274.48
Other current assets	248.68	206.84	220.69	323.79	623.37
Total current assets	2,392.76	2,616.74	2,595.59	4,067.10	3,414.04
Total Assets	3,778.13	3,950.85	4,018.29	5,776.89	5,644.86
Non-current liabilities					
Long-term borrowings	252.64	199.51	201.67	373.18	474.23
Deferred tax liabilities (net)	125.35	135.76	150.32	168.71	215.44
Other long term liabilities	-	-	-	-	4.84
Long-term provisions	3.95	5.70	9.00	14.79	26.01
Total non-current liabilities	381.94	340.96	360.98	556.69	720.51
Current liabilities					
Short-term borrowings	1,506.52	1,598.93	1,759.91	1,864.37	1,940.66
Trade payables	558.71	658.96	623.37	1,872.14	1,160.71
Other current liabilities	465.46	263.32	298.94	672.89	486.86
Short-term provisions	165.49	152.78	86.08	170.70	271.02
Total current liabilities	2,696.18	2,673.99	2,768.30	4,580.11	3,859.26
Total Liabilities	3,078.12	3,014.96	3,129.28	5,136.79	4,579.78
Net worth	700.02	935.89	889.01	640.10	1,065.09

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Net worth represented by:					
Shareholders' Funds					
Share capital	582.42	700.91	651.21	-	-
Equity share capital	-	-	-	650.00	650.00
Reserves and surplus					
Other Reserves	29.33	29.33	29.33	29.33	29.33
Securities premium	-	-	-	130.00	130.00
Profit and loss account	88.27	205.65	208.47	(169.24)	255.76
Less: Revaluation Reserve	-	-	-	-	-
Net worth	700.02	935.89	889.01	640.09	1,065.09

ANNEXURE II

SUMMARY STATEMENT OF PROFIT AND LOSSES AS RESTATED

(₹ in lakhs)

Particulars	For the Financial Year Ended				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
INCOME					
Revenue from operations	4,084.06	3,576.18	2439.44	5380.12	7,713.56
Other income	230.01	331.83	123.10	315.46	496.75
Total revenue	4,314.07	3,908.01	2562.53	5695.58	8,210.31
EXPENDITURE					
Cost of raw material and components consumed	2,466.58	2,212.23	1,270.49	2,444.00	3,192.30
Purchase of traded goods	73.15	322.03	226.70	1,527.02	2,944.02
Increase/ (Decrease) in inventories of finished goods and traded goods	134.90	(176.14)	(24.15)	(19.44)	(359.99)
Employee benefits expenses	260.16	320.76	245.23	353.42	507.54
Other Expenses	1,012.40	770.25	530.76	830.67	978.58
Total expenditure	3,947.18	3,449.13	2,249.04	5,135.67	7,262.44
Earnings before interest, tax, depreciation and amortization (EBITDA)	366.89	458.88	313.49	559.91	947.87
Depreciation	68.97	82.19	79.68	100.54	99.21
Earnings before interest, tax, and amortization (EBITA)	297.92	376.69	233.81	459.37	848.66
Finance charges	162.51	223.46	204.82	229.18	297.73
Profit before tax	135.42	153.23	28.99	230.19	550.93
Less: Tax expense					
Current tax	23.68	25.44	11.61	67.28	112.80
Deferred tax (credit) / charge	15.31	10.41	14.56	18.39	46.73
Total tax expense	38.99	35.85	26.17	85.67	159.53
Profit after taxation	96.43	117.38	2.82	144.52	391.40

ANNEXURE III

SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED

(₹ in lakhs)

PARTICULARS	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
A. Cash flow from Operating Activities					
Net Profit before taxation and extraordinary items	135.42	153.23	28.99	230.19	550.93
Adjustment for:					
Add: Depreciation	68.97	82.19	79.68	100.54	99.21
Add: Interest	148.48	198.61	195.07	201.12	272.93
Less: Interest Received	-	0.42	3.79	0.51	0.06
Operating Profit Before Working capital changes	352.86	433.61	299.95	531.19	923.01
Adjustment for					
Decrease / (increase) in Inventories	543.99	(201.14)	(286.71)	19.86	(243.62)
Decrease / (increase) in Trade Receivables	(633.70)	21.72	29.29	(1,222.16)	956.98
Decrease / (increase) in Short Term Loans and advances	(335.17)	95.04	135.53	(73.67)	188.67
Decrease / (increase) in Long-term loans and advances	-	(6.21)	(1.81)	(13.11)	(2.81)
Decrease / (increase) in Other Current Assets	81.86	41.84	(13.85)	(103.10)	(299.58)
Increase/ (decrease) in Trade Payables	(176.63)	100.25	(35.59)	1,248.77	(711.43)
Increase/ (decrease) in Other Long term liabilities	-	-	-	-	4.84
Increase/ (decrease) in Other Current Liabilities	286.88	(202.15)	35.62	373.95	(411.84)
Increase/ (decrease) in Long Term Provisions	1.81	1.75	3.30	5.80	11.21
Increase/ (decrease) in Short Term Provisions	25.38	(12.71)	(66.71)	170.29	117.60
Cash generated / (utilized) from Operating Activities	147.30	272.02	99.04	937.95	533.03
Net Prior Year Adjustments	-	-	-	-	21.32
Income Tax Paid	(23.68)	(25.44)	(11.61)	(67.28)	(117.80)
Net cash generated / (utilized) from Operating Activities	123.62	246.58	87.42	870.67	436.55
B. Cash flow from Investing Activities					
Purchase of Fixed Assets	(182.20)	(24.72)	(166.47)	(374.52)	(609.96)
Sale of Fixed Assets	-	-	-	-	10.48
Net (Investment)/ proceeds of advances with Related parties	(0.06)	0.00	0.00	(110.97)	110.97
Interest Earned	0.00	0.42	3.79	0.51	0.06
Net cash utilized in Investing Activities	(182.26)	(24.30)	(162.67)	(484.98)	(488.45)

PARTICULARS	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
C. Cash from Financing Activities					
Proceeds from issue of Share Capital/Net of Infusion or withdrawal of Partners capital	99.06	118.49	(49.70)	(609.10)	-
Expenses incurred for IPO	-	-	-	-	(17.95)
Increase in Share Premium	-	-	-	130.00	0.00
(Repayments) / proceeds of long term borrowings	119.93	39.29	163.14	275.98	403.14
Interest paid on Loans	(148.48)	(198.61)	(195.07)	(201.12)	(272.93)
Net cash generated from / (utilised in) financing activities	70.51	(40.84)	(81.64)	(404.24)	112.26
Net increase/(decrease) in cash and cash equivalents	11.87	181.43	(156.89)	(18.54)	60.36
Cash and cash equivalents at beginning of period	50.03	61.90	243.34	86.45	67.91
Cash and cash equivalents at end of period	61.90	243.34	86.45	67.91	128.27

1. The above statement should be read in conjunction with the significant accounting policies and notes on adjustments for Restated Summary Statements in Annexure.
2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended).

GENERAL INFORMATION

Our Company was originally incorporated as G B Tools & Forgings Limited on February 15, 2011 under the Companies Act, 1956 with Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh. The Registered Office of the Company is situated at:

11th Mile Stone, VPO Mand,
Kapurthala Road,
Jalandhar - 144 001, Punjab
Tel.: +91 0181 - 5067878
Fax: +91 0181 - 5017878
Website: www.gbtools.in
Email: compliance@gbtools.in

Corporate Identification Number: U27300PB2011PLC034689

Registrar of Companies

Registrar of Companies, Punjab, Himachal Pradesh & Chandigarh
Corporate Bhawan, Plot No. 4B, Sector 27B, Madhya Marg, Chandigarh - 160 019
Telephone No.: +91 172 263 9415, 2639416
Fax No.: +91 172 263 9416

Board of Directors of our Company

Sr. No.	Name, Designation, DIN and Occupation	DIN	Age (in years)	Address
1.	Mr. Gian Parkash Bhandari Executive Chairman	01609437	59	670, Mall Road, Model Town, Jalandhar - 144 001
2.	Mr. Saurabh Bhandari Managing Director	01608942	31	670, Mall Road, Model Town, Jalandhar - 144 001
3.	Mrs. Neelam Bhandari Non-Executive Director	01371584	56	670, Mall Road, Model Town, Jalandhar - 144 001
4.	Mr. Harsh Wardhan Bhatnagar Independent Director	01317848	67	A-152A, Sushant Lok - I, Gurgaon, - 122 002
5.	Mr. Manmohan Singh Kapur Independent Director	00703815	66	Klasse / 1/401, Eldeco Vtopia, Sector - 93A, Expressway, Noida - 201 304
6.	Dr. Yash Kumar Sharma Independent Director	02903347	54	9A, Vijay Nagar, Near Football Chowk, Jalandhar - 144 001

For further details and profile of our Directors, see the section titled "Our Management" on page 80 of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Our Company Secretary is **Ms. Priyanka Luthra** and Compliance Officer is **Mr. Bikram Singh Rana** their contact details are as follows:

Company Secretary

Ms. Priyanka Luthra
11th Mile Stone, VPO Mand,
Kapurthala Road, Jalandhar - 144 001
Tel.: +91 181 506 7878
Fax: +91 181 501 7878
Website: www.gbtools.in
Email: cs@gbtools.in

Compliance Officer

Mr. Bikram Singh Rana
11th Mile Stone, VPO Mand,
Kapurthala Road, Jalandhar - 144 001
Tel.: +91 181 506 7878
Fax: +91 181 501 7878
Website: www.gbtools.in
Email: compliance@gbtools.in

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 of allotted shares in the respective beneficiary account or refund orders.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs and the members of the Syndicate with whom the Bid cum Application Form was submitted, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Bid cum Application Form was submitted by the ASBA Bidder.

For all Issue related queries and for redressal of complaints, investors may also write to the Book Running Lead Manager. All complaints, queries or comments received by SEBI shall be forwarded to the Book Running Lead Manager, who shall respond to the same.

BOOK RUNNING LEAD MANAGER

SPA Capital Advisors Limited *

SEBI Regn.: INM 000010825

25, C - Block, Community Centre

Janak Puri, New Delhi - 110 058

Tel. +91 11 2551 7371, 4567 5500

Fax +91 11 2553 2644

Email: gbtools.ipo@spagroupindia.com

Investor grievance e-mail id: grievances.mb@spagroupindia.com

Website: www.spacapital.com

Contact Person: Mr. Saurabh Gupta / Ms. Ashi Sood

** SPA Capital Advisors Limited, having a valid SEBI Registration Certificate till November 30, 2012, has applied for permanent registration with SEBI vide application dated August 29, 2012.*

LEGAL ADVISORS TO THE ISSUE

JurisPrudent Consulting Partners

1st Floor, Paramount Tower

C - 17, Community Centre, Janak Puri,

New Delhi - 110 058

Tel.: +91 11 3200 0177

Fax: +91 11 4536 0077

Email: ajay@jurisprudentconsulting.in

Contact Person: Mr. Sarvesh Yadav

REGISTRAR TO THE ISSUE

Beetal Financial & Computer Services Private Limited

SEBI Regn.: INR 000000262

Beetal House, 3rd Floor, 99 Madangir

Behind Local Shopping Centre

New Delhi - 110 062

Tel.: +91 11 2996 1281 - 83

Fax: +91 11 2996 1284

E-mail: gbtools@beetalfinancial.com

Website: www.beetalfinancial.com

Contact Person: Mr. S P Gupta

SYNDICATE MEMBERS

[•]

ESCROW COLLECTION BANKS AND BANKERS TO THE ISSUE

[•]

REFUND BANKER

[•]

BANKER TO THE COMPANY

Bank of India

Jalandhar Mid Corporate banking Branch
89, Mahavir Mahvir Marg
Jalandhar - 144 001
Tel.: +91 181 222 5826 / 5932 / 3863
Fax: +91 181 245 9092

SELF CERTIFIED SYNDICATE BANKS

The list of banks who have been notified by SEBI to act as Self Certified Syndicate Banks (SCSBs) for ASBA process are provided at www.sebi.gov.in

AUDITORS TO THE COMPANY

Kumar Ashwini & Associates
Chartered Accountants
(FRN No 00889IN)
85, Green Park, Cool Road
Jalandhar City - 144 001
Tel.: +91 181 223 9270 / 508 0270
Telefax: +91 181 223 9270 / 508 0270

IPO GRADING

This issue being has been graded by [•] and has been assigned [•] IPO Grade [•] indicating the fundamentals of the issue is average. The IPO Grading is assigned on a 5 point scale from 1 to 5 with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. For details in relation to report of grading agency please refer to “Annexure” on page [•] of the Draft Red Herring Prospectus.

MONITORING AGENCY

The issue size is less than ₹ 500 crore and hence there is no requirement for appointment of monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. The Audit Committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to section titled ‘Objects of the Issue- Monitoring of Utilization of Funds’ on page 44 of the Draft Red Herring Prospectus.

APPRIISING AGENCY

The issue has not been appraised.

CREDIT RATING

This being an issue of equity shares, there is no requirement of credit rating of the issue.

TRUSTEES

As the issue is of Equity Shares, the appointment of Trustees is not required.

BOOK BUILDING PROCESS IN BRIEF

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

The principal parties involved in the Book Building Process are:

- Our Company
- Book Running Lead Manager
- Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with BSE / NSE and eligible to act as underwriters
- Registrar to the Issue and
- Escrow collection Banks
- The SCSBs

The primary responsibility of building the book shall be that of the lead book runner. The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI ICDR Regulations wherein not more than 50% of the Issue i.e., [●] Equity Shares shall be allotted on a proportionate basis to QIBs. Further, not less than 15% of the Issue, i.e., [●] Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue, i.e., [●] Equity Shares 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(s) after the Bid Closing Date. For further details, see “Issue Structure” on page 46 of the Draft Red Herring Prospectus.

Our Company shall comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed SPA Capital Advisors Limited as the Book Running Lead Manager to manage the Issue and to procure the subscriptions to the Issue.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

The Bidders (excluding ASBA Bidders who can only Bid at Cut-off Price) can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 60 to 72 per Equity Share, Issue size of 5,400 Equity Shares and receipt of five Bids from the Bidders. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as set forth below shows the demand for the Equity Shares of our Company at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
1,500	72	1,500	27.78%
3,000	69	4,500	83.33%
4,500	66	9,000	166.67%
6,000	63	15,000	277.78%
7,500	60	22,500	416.67%

The price discovery is a function of demand at various prices. The highest price at which our Company is able to issue the desired quantity of Equity Shares is the price at which the book cuts off, i.e., 66 in the above example. Our Company, in consultation with the BRLM will finalize the Issue Price at or below such cut off price, i.e., at or below ₹ 66. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

Steps to be taken for bidding:

1. Check eligibility for bidding (see the section titled “Offering Information - Who Can Bid” on page 181 of the Draft Red Herring Prospectus).
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3. Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials

- appointed by the courts, for Bids of all values ensure that you have mentioned your permanent Account Number (“PAN”) allotted under the I.T. Act in the Bid cum Application Form (see “Offering Information - PAN” on page 191 of the Draft Red Herring Prospectus);
4. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form.
 5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section “Offering Information - Bidder’s Depository Account and Bank Account Details” on page 188 of the Draft Red Herring Prospectus given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant).
 6. Bids by QIBs and Non Institutional Bidders will have to be submitted only through the ASBA process.
 7. Bids by ASBA Bidders will have to be submitted to the Designated Branches or to the Syndicate Members (in the Specified Cities). ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid cum ASBA Form is not rejected.

WITHDRAWAL OF THE ISSUE

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid Opening Date but before Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two Working Days of the Bid Closing Date, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

In the event our Company, in consultation with the BRLM’s, withdraw the issue after the Bid Closing Date, a fresh offer document will be filed with the ROC/SEBI in the event we subsequently decide to proceed with a public offering.

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

BID / ISSUE PROGRAMME

Bid / Issue Opens on		●
Bid / Issue Closes on		●

Bids and any revision in Bids were accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding centers mentioned in the Bid cum Application Form **except that on the Bid Closing Date, Bids excluding ASBA Bids will be accepted only between 10.00 a.m. and 3.00 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB and Non-Institutional Bidders; and (ii) 5.00 p.m. for Retail Individual Bidders, which may be extended upto such time as permitted by the Stock Exchanges. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one Working Day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, the Company and the Syndicate Members shall not be responsible. Bids were accepted only between Monday and Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid-cum Application Forms and ASBA Forms as stated herein and reported by the BRLM to the Stock Exchanges within half an hour of such closure. We will decide the Price Band in consultation with the BRLM. The announcement on the Price Band shall also be made available on the websites of the BRLM and at the terminals of the Syndicate.

We reserve the right to revise the Price Band during the Bidding Period in accordance with SEBI ICDR Regulations. 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 working days after revision of Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding / Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

UNDERWRITERS TO THE ISSUE

After the determination of the Issue Price and allocation of the Equity Shares but prior to filing of the Prospectus with the ROC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered 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 their respective Syndicate Members do not fulfill their underwriting obligations.

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

Details of Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in lakh)
[•]	[•]	[•]
[•]	[•]	[•]
Total →	[•]	[•]

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

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

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI or registered as brokers with the Stock Exchange(s).

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the above table. Notwithstanding the above table, the Underwriters 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 equity shares to the extent of the defaulted amount, in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The Share Capital of our Company as on the date of the Draft Red Herring Prospectus is set forth below

		In ₹ lakhs (except share data)	
Particulars		Aggregate Value at Nominal Price	Aggregate Value at Issue Price
(A) Authorised Share Capital 150,00,000 equity shares of face value ₹ 10 each		1,500.00	
(B) Issued, Subscribed and Paid up share capital before the Issue 6500,000 equity shares of face value ₹ 10 each		650.00	
(C) Present Issue in terms of the Draft Red Herring Prospectus ¹ [●] equity shares of face value ₹ 10 each ²		[●]	[●]
(D) Paid up share capital after the Issue [●] equity shares of face value ₹ 10 each		[●]	
(E) Securities Premium Account Before the Issue		130.00	
After the Issue		[●]	

¹ The present Issue in terms of the Draft Red Herring Prospectus has been authorized by our Board of Directors and by our members in their Extra Ordinary General Meeting pursuant to the resolutions passed in their meeting held on August 24, 2012 and August 27, 2012 respectively.

² Our Company is considering a Pre-IPO Placement of up to [●] Equity Shares, for cash consideration aggregating up to ₹ 1,000 lakhs with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post-Issue paid-up equity capital being offered to the public.

Notes to the Capital Structure:

1. Changes in Authorised Share Capital

The details of changes in authorised share capital of our Company since Incorporation are as follows:

Date of Meeting	Cumulative No. of Equity Shares	Face Value (₹)	Authorised Share Capital (in ₹ lakhs)	Particulars (Authorised Share Capital comprises of equity shares of face value ₹ 10/- each only)
Since Incorporation	1,00,00,000	10	1,000.00	-
June 01, 2011	1,50,00,000	10	1,500.00	Capital increased from ₹ 1,000 lakhs to ₹ 1,500 lakhs

2. Equity Share Capital History

Date of Allotment of Equity Shares	No. of Equity Shares	Cumulative No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Cumulative Securities Premium (₹)	Nature of consideration	Category of Allottees**
February 15, 2011	65,00,000	65,00,000	10	12	1,30,00,000	Cash	Subscriber to MOA ¹

¹ Subscribers to MOA are Mr. Gian Parkash Bhandari, Mrs Neelam Bhandari, Mr. Saurabh Bhandari, Ms Milli Bhandari, Ms. Richa Kochhar, Mr. Puneet Kochhar, Mr. Rajinder Singh Goyal.

3. Capital build up of existing shareholding of Promoters

Name of Promoter	Date of Acquisition / Issue	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Particulars	% of Pre issue paid up capital	% of post issue paid up capital
Mr. Gian Parkash Bhandari	February 15, 2011	24,70,000	10	12	Subscribers to Memorandum	38.00	[●]

Name of Promoter	Date of Acquisition / Issue	No. of Equity Shares	Face Value (₹)	Issue / Acquisition Price (₹)	Particulars	% of Pre issue paid up capital	% of post issue paid up capital
Mr. Saurabh Bhandari	February 15, 2011	19,50,000	10	12	Subscribers to Memorandum	30.00	[●]
Total		44,20,000				68.00	[●]

4. Promoters Contribution and Lock-in

The following shares held by Promoters are locked-in as Promoter Contribution:

Name of Promoter	Date of acquisition / when fully paid up	No. of equity shares	Acquisition Price (₹)	% of pre-issue paid up capital	% of post issue paid up capital	Lock-in period
Mr. Gian Parkash Bhandari	February 15, 2011	[●]	[●]	[●]	[●]	3 years
Mr. Saurabh Bhandari	February 15, 2011	[●]	[●]	[●]	[●]	3 years
Total →		[●]	[●]	[●]	[●]	

Mr. Gian Parkash Bhandari & Mr. Saurabh Bhandari are holding 24,70,000 and 19,50,000 equity shares respectively which are eligible for lock-in as Promoters Contribution. All Equity Shares, which are being locked in are eligible for computation of Promoter contribution as per Regulation 33 of the SEBI ICDR Regulations and are being locked for 3 years in under Regulation 36(a) of the SEBI ICDR Regulations. No equity shares proposed to be locked-in as Promoters Contribution have been issued out of revaluation reserve or for non-cash consideration. We confirm that the requirement of minimum promoters' contributions as envisaged under Regulations 32 of ICDR Regulations have been complied with.

Our Promoters, Mr. Gian Parkash Bhandari & Mr. Saurabh Bhandari have, by a written undertaking, consented to have [●] and [●] equity shares held by them, respectively, to be locked in as Promoter contribution for a period of three years from the date of allotment in this Issue and will not be disposed / sold / transferred by the promoter during the period starting from the date of filing the Draft Red Herring Prospectus with SEBI till the date of commencement of lock-in period as stated in the Draft Red Herring Prospectus. The equity shares under the Promoter contribution will constitute [●]% of our post-issue paid up share capital. Our Promoter have also consented that the Promoters contribution under Regulation 33 of the SEBI ICDR Regulations will not be less than 20% of the post issue paid up capital of our Company.

Details of share capital locked in for one year

In terms of Regulation 36(b) and 37 of the SEBI ICDR Regulations, in addition to the Promoter contribution which is locked in for three years, as specified above, the entire pre-issue equity share capital constituting [●] equity shares shall be locked in for a period of one year from the date of allotment of Equity shares in this Issue. The Equity Shares which are subject to lock-in shall carry inscription 'non-transferable' along with the duration of specified non-transferable period mentioned in the face of the security certificate. The shares which are in dematerialized form shall be locked-in by the respective depositories. The Equity Shares to be issued in the Pre IPO Placement will also be locked in for a period of one year from the date of allotment.

Other requirements in respect of lock-in:

- In terms of Regulation 39 of the SEBI ICDR Regulations, the locked in Equity Shares held by the Promoter, as specified above, can be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution provided that the pledge of Equity Shares is one of the terms of the sanction of the loan. Provided that securities locked in as minimum promoter contribution may be pledged only if, in addition to fulfilling the above requirements, the loan has been granted by such bank or institution, for the purpose of financing one or more of the objects of the Issue.
- In terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in

the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

- c) Further in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Issuer subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable.

We shall comply with the requirements of Regulation 33, 36, 37, 39 and 40 of the SEBI ICDR Regulations. We further confirm that there is no provision for Promoters Contribution in the Issue.

5. Our Shareholding Pattern

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue:

Category code (I)	Category of shareholder (II)	No. of shareholder (III)	Total no. of shares (IV)	Total shareholding as a percentage of total number of shares		Total Post issue Shareholding		Shares Pledged or otherwise encumbered	
				As a % of (A+B) (VI)	As a % of (A+B+C) (VII)	Total No of Shares	As a % of (A+B+C)	No. of Shares (VIII)	As a % (IX) = (VIII) / (IV) * 100
(A)	Promoter and Promoter Group								
(1)	Indian								
(a)	Individuals/ Hindu Undivided Family	7	65,00,000	100	100	65,00,000	[●]	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	7	65,00,000	100	100	65,00,000	[●]	-	-
(2)	Foreign								
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	7	65,00,000	100	100	65,00,000	[●]	-	-
(B)	Public shareholding								
(1)	Institutions								
(a)	Mutual Funds/UTI	-	-	-	-	[●]	[●]	-	-
(b)	Financial Institutions/ Banks/insurance companies	-	-	-	-			-	-
(d)	Venture Capital Funds	-	-	-	-			-	-
(f)	Foreign Institutional Investors	-	-	-	-			-	-
	Sub-Total (B)(1)	-	-	-	-			-	-
(2)	Non-institutions								
(a)	Bodies Corporate	-	-	-	-			-	-
(b)	Individuals: - holding nominal share capital up to ₹ 1 lakh. - holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	-			-	-
	Sub-Total (B)(2)	-	-	-	-	[●]	[●]	-	-
	Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	[●]	[●]	-	-
	Total (A)+(B)	7	65,00,000	100	100	[●]	[●]	-	-
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	[●]	[●]	-	-
	Grand total (A)+(B)+(C)	7	65,00,000	100	100	[●]	[●]	-	-

6. Shareholding of our Promoter and Promoter Group

Sr. No. (I)	Name of the shareholder (II)	Total Shares held		Shares pledged or otherwise encumbered		
		Number (III)	As a % of grand total (A) + (B) + (C) (IV)	Number (V)	As %age (VI) = (V) / (III)* 100	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a) (VII)
1.	Mr. Gian Parkash Bhandari	24,70,000	38.00	-	-	-
2.	Mr. Saurabh Bhandari	19,50,000	30.00	-	-	-
3.	Mrs. Neelam Bahandari	19,50,000	30.00	-	-	-
4.	Ms Mili Bhandari	32,500	0.50	-	-	-
5.	Ms. Richa Kochhar	32,500	0.50	-	-	-
6.	Mr. Puneet Kochhar	32,500	0.50	-	-	-
7.	Mr. Rajinder Singh Goyal	32,500	0.50	-	-	-
Total		65,00,000	100.00			

7. Equity Shares held by Top Ten Shareholders

- a. Top Ten shareholders and the number of Equity Shares of ₹ 10 each held by them as on the date of the Draft Red Herring Prospectus is as follows:

S. No.	Name of the Shareholders	No. of Equity Shares	% of shareholding
1	Mr. Gian Parkash Bhandari	24,70,000	38.00
2	Mr. Saurabh Bhandari	19,50,000	30.00
3	Mrs. Neelam Bahandari	19,50,000	30.00
4	Ms. Mili Bhandari	32,500	0.50
5	Ms. Richa Kochhar	32,500	0.50
6	Mr. Puneet Kochhar	32,500	0.50
7	Mr. Rajinder Singh Goyal	32,500	0.50
Total		65,00,000	100.00

- b. Top Ten shareholders and the number of Equity Shares of ₹10 each held by them 10 days prior to the date of the Draft Red Herring Prospectus is as follows:

S. No.	Name of the Shareholders	No. of Equity Shares	% of shareholding
1	Mr. Gian Parkash Bhandari	24,70,000	38.00
2	Mr. Saurabh Bhandari	19,50,000	30.00
3	Mrs. Neelam Bahandari	19,50,000	30.00
4	Ms. Mili Bhandari	32,500	0.50
5	Ms. Richa Kochhar	32,500	0.50
6	Mr. Puneet Kochhar	32,500	0.50
7	Mr. Rajinder Singh Goyal	32,500	0.50
Total		65,00,000	100.00

- c. Since our Company was incorporated on February 15, 2011, the disclosure regarding top 10 shareholders two years prior to the date of filing of Draft Red Herring Prospectus is not applicable. However, the top ten shareholders and the number of Equity Shares of ₹ 10 each held by them on incorporation of the Company are as under:

S. No.	Name of the Shareholders	No. of Equity Shares	% of shareholding
1	Mr. Gian Parkash Bhandari	24,70,000	38.00
2	Mr. Saurabh Bhandari	19,50,000	30.00
3	Mrs. Neelam Bahandari	19,50,000	30.00

S. No.	Name of the Shareholders	No. of Equity Shares	% of shareholding
4	Ms. Mili Bhandari	32,500	0.50
5	Ms. Richa Kochhar	32,500	0.50
6	Mr. Puneet Kochhar	32,500	0.50
7	Mr. Rajinder Singh Goyal	32,500	0.50
Total		65,00,000	100.00

8. Our Promoter, Promoter Group, Directors, and their immediate relatives have not sold or purchased any equity shares of our Company during the period of six months preceding the date of the Draft Red Herring Prospectus.
9. Our Promoter Group, Directors and their relatives have not financed the purchase by any other person of the equity shares of our Company during the period of six months immediately preceding the date of filing of Draft Red Herring Prospectus with SEBI.
10. As on the date of filing of the Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle Promoter or shareholders or any other person any option to acquire our Equity Shares after the Initial Public Offer.
11. We have not made any issue of equity shares at a price lower than the Issue price during the preceding one year.
12. As on the date of the Draft Red Herring Prospectus, the issued capital of our Company is fully paid up.
13. The Equity Shares held by the Promoter are not subject to any pledge.
14. Neither we, nor our Directors, Promoter, Promoter Group Entities and the BRLM to the Issue have entered into any buyback and / or standby arrangements and / or similar arrangements for the purchase of our Equity Shares from any person.
15. The BRLM and their associates are not holding any equity shares in our Company as on the date of filing of Draft Red Herring Prospectus with the SEBI.
16. This issue is being made through 100% Book Building process wherein not more than 50% of the Issue i.e., [●] Equity Shares shall be allotted on a proportionate basis to QIBs. Further, not less than 15% of the Issue, i.e., [●] Equity Shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue, i.e., [●] Equity Shares 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.
17. Under subscription, if any, in any category would be met with spillover from other categories in accordance with applicable laws, regulations and guidelines. Investors may note that in case of over subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be made on a proportionate basis.
18. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue and not exceeding the maximum limit of investment prescribed under relevant laws applicable to each category of bidder.
19. Our Company has not raised any bridge loan against the proceeds of the Issue.
20. Except with respect to the Pre-IPO Placement, if any, our Company does not presently intend or propose any further issue of Equity Shares, whether by way of issue of bonus shares, preferential allotment and rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

21. Our Company does not presently intend or propose to alter its capital structure for a period of six months from the Bid / Issue opening date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments.
22. We have not issued any shares for consideration other than cash.
23. The existing equity shares were subscribed by the Subscribers to our Company (namely, Mr. Gian Parkash Bhandari, Mrs Neelam Bhandari, Mr. Saurabh Bhandari, Ms Milli Bhandari, Ms. Richa Kochhar, Mr. Puneet Kochhar, Mr. Rajinder Singh Goyal) on February 15, 2011 against their respective outstanding Partners' capital in the partnership firm "Ambika Forgings" which was converted into our Company under the provisions of Part IX of the Companies Act, 1956. The details of Partners' capital outstanding in Ambika Forging as on February 14, 2011 (i.e. immediately before conversion of partnership firm into Company) and the details of subscription of equity shares by the Subscribers upon conversion is as under:

(Amount in ₹)

Name of Partner / Subscriber	Partners' Capital outstanding as on February 14, 2011*	No. of shares subscriber by the Subscribers in our Company	Price at which shares subscribed (per equity share)	Amount
Mr. Gian Parkash Bhandari	2,96,40,000	24,70,000	12	2,96,40,000
Mr. Saurabh Bhandari	2,34,00,000	19,50,000	12	2,34,00,000
Mrs. Neelam Bahandari	2,34,00,000	19,50,000	12	2,34,00,000
Ms. Mili Bhandari	3,90,000	32,500	12	3,90,000
Ms. Richa Kochhar	3,90,000	32,500	12	3,90,000
Mr. Puneet Kochhar	3,90,000	32,500	12	3,90,000
Mr. Rajinder Singh Goyal	3,90,000	32,500	12	3,90,000
Total	7,80,00,000	65,00,000		7,80,00,000

* As per audited accounts of Ambika Forgings for the period from April 01, 2010 to February 14, 2011

24. An over-subscription to the extent of 10% of the Net Offer to Public shall be retained for purpose of rounding off to the nearer multiple of minimum allotment lot while finalizing the basis of allotment.
25. Since the entire issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.
26. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
27. We do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.
28. We have 7 shareholders on the date of filing of the Draft Red Herring Prospectus and the entire shareholding of our company comprising of 65,00,000 equity shares is held in physical form.
29. Our Promoters and members of Promoter Group will not participate in this Issue.

OBJECTS OF THE ISSUE

The proceeds of the Issue are proposed to be utilized by us for financing the following objects:

- Expansion and Modernization of existing Hand Tool manufacturing facility at Jalandhar.
- General Corporate Purpose
- Expenses for the Issue

Additionally, the Object of the Issue is to achieve the benefits of listing on the Stock Exchanges and create a public market for the Equity Shares of our Company.

The main object clause and objects incidental or ancillary to the main object clause of the Memorandum of Association of the Company enables us to undertake the existing activities and the activities for which the funds are being raised through the present issue.

Requirement of Funds

The total estimated funds requirement is given below:

Sr. No.	Particulars	Amount (in ₹ Lakhs)
1	Expansion and Modernization of existing manufacturing facility	3,217.42
2	General Corporate purpose*	[•]
3	Expenses of the Issue*	[•]
Total		[•]

*will be incorporated at the time of filing of prospectus

The fund requirement and deployment is based on our Management estimates and vendor quotations and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on our current business plan.

We operate in a highly competitive, dynamic market condition, and may have to revise our business plan from time to time. Consequently, our fund requirements and utilization of proceeds may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, at the discretion of our Management, subject to the necessary approvals, and such rescheduling, if any, shall be within the Objects of the Issue.

Means of Finance

Sr. No.	Particulars	Amount (in ₹ Lakhs)
1	Proceeds of IPO	4,000.00
2	Internal Accrual#	[•]
Total		[•]

will be incorporated at the time of filing of Prospectus

In the event of any shortfall in raising the requisite funds from the proceeds of the Issue for the objects or cost overrun, such shortfall will be met by way of such means available to our company including internal accruals. In case of any surplus after utilization of the proceeds of the issue for the stated objects, we may use such surplus towards general corporate purposes. In case of variations in the actual utilization of funds earmarked for the purposes mentioned above, increase fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this issue.

Details of use of Issue Proceeds:

1. Expansion and Modernization of existing manufacturing facility at Jalandhar

We are in the business of manufacturing, selling & export of precision engineered hand tools products. The demand for precision engineered hand tools both in India and abroad has encouraged us to expand and modernize

the existing manufacturing facility. Our present manufacturing facilities are located at VPO Mand, Kapurthala Road, Jalandhar and in Phase - III, Industrial area, Sansarpur Terace, District Kangra Himachal Pradesh. The premises of our present manufacturing unit at Jalandhar have a land area of 30,680 square meters out of which the existing manufacturing facilities have been set up on an area of 11,612 square meters. The other manufacturing facility in district Kangra is located on an area of 2,750 square meters. We plan to set up the proposed project at the premises at Jalandhar on an area of approximate 8,360 square meters adjacent to the present manufacturing facility.

At present we are manufacturing drop forged hand tools and allied products. Under the proposed expansion cum modernization program we propose to manufacture press forged hand tools. We propose to install seven forging machinery lines with high speed forging press. The propose facility will increase our forging capacity to 7,800 MTPA from existing 3,600 MTPA. The estimated cost of the proposed project is ₹ 3,217.42 Lacs as per details as under:

(₹ in Lacs)	
Particulars	Amount
Civil work & Building	597.36
Plant & Machinery	2,526.94
Electricals & Miscellenous Fixed Assets	93.12
Total Cost	3,217.42

Building & Civil Work

The cost of Civil Work & construction of building for expansion is estimated at ₹ 597.36 Lacs inclusive of taxes as per quotation dated August 04, 2012 from M/s Kuwar Builders and Developers (engineers and contractors), Panchkula. The unit will have a constructed area of 90,000 square foot and the average construction cost has been estimated at ₹ 640/- per square foot. The same has been certified by the Architect, Vivek Consultants, Chandigarh vide their letter dated September 04, 2012.

Plant and Machinery

The cost of plant & Machinery is estimated at ₹ 2,526.94 Lacs including imported machinery and is based on the quotations received from various vendors.

- A. We propose to install seven 600T forging lines which will be imported from Taiwan. Each forging line will comprise of Induction Furnace 200 KW, Transformer for induction Heater, Rolling mill CR-125, High speed forging press, steel brush machine, Die Bolsters, and stainless pressure tanks etc. A detailed breakup of the cost of imported forging lines is given below:

Supplier: Jing Duann Machinery Industrial Co. Ltd, No.77, 35Rd, Taichung Ind, Park Taichung, Taiwan 407. Quotation dated 20/03/2012

Particulars	Foreign Currency	₹ In Lacs
FOB Price of one Forging Line	USD 470,666	263.57
Freight (approx 5.1%)		13.44
Insurance @ 1%		2.64
Custom Duty @ 25% of FOB Price		65.89
Clearing charges @1 %		2.64
Installation Charges – Estimated		3.00
Total		351.18
Total Cost of 7 Forging Lines		2,458.26

Converted at 1 US\$ = ₹ 56

- B. The following equipments are proposed to be purchased from domestic suppliers

Name of Machine	Name of Supplier	Date of Quotation	Amount (in ₹ Lacs)*
Induction Heating system (for forging Application)	Electrotherm (India) Limited, Ahmedabad, Gujarat	03/08/2012	32.08

Name of Machine	Name of Supplier	Date of Quotation	Amount (in ₹ Lacs)*
Single Girder E.O.T Cranes cap- 1 Tonn with double hoists (4 Nos)	Asia Cranes Private Limited, Ludhiana	31/07/2012	36.60
Total			68.68

* inclusive of Taxes, Freight & installation charges

Electricals & Miscellaneous Fixed Assets

Name of Machine	Name of Supplier	Date of Quotation	Amount (in ₹ Lacs)
Kirloskar Silent Diesel Generators 500KVA (2 Nos)- Model DV 10	Jaimata Engineers, Hoshiarpur Road, Jalandhar City	04/09/2012	56.92
Kirloskar Make 2000 KVA Oil Filled Transformer	Jaimata Engineer, Hoshiarpur Road, Jalandhar City	04/09/2012	16.70
Electric Cables, Electric Panels & Accessories	Management estimates	-	12.00
Computers & Office Equipments	Management estimates	-	7.50
Total			93.12

No second hand plant & machinery and miscellaneous fixed asset is proposed to be purchased from the proceeds of the Issue. The orders for the plant & machinery and miscellaneous will be placed by us in due course.

Implementation Schedule for expansion and Modernization of existing manufacturing facility

Activities	Commencement	Completion
Acquisition of Land	-	Existing
Civil construction & Building	April 2013	June 2013
Placement of order for Imported Machinery	April 2013	May 2013
Placement of order for Indigenous Machinery	October 2013	October 2013
Imported Machinery - Delivery at site	January 2014	January 2014
Indigenous Machinery - Delivery at site	January 2014	January 2014
Erection & Installation	February 2014	March 2014
Trial Runs	March 2014	-
Commencement of Commercial Operations	April 2014	-

2. General Corporate Purposes

The Proceeds of the Issue will be first utilized towards proposed expansion and modernization of existing manufacturing facility at Jalandhar. We intend to deploy the balance Issue proceeds aggregating to ₹ [●] lakhs, towards the general corporate purposes, including but not restricted to strengthening our marketing capabilities, entering into brand building exercises or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. However, not more than 15% of the proceeds of issue would be deployed for the General Corporate purposes.

3. Expenses for the Issue

The Issue related expenses consist, underwriting fees, selling commission, fees payable to the BRLM, Legal counsel, Escrow Collection Banks and Registrar to the Issue stationery printing and distribution expenses, legal fees, IPO Grading expenses, statutory advertisement expenses, NSDL / CDSL connectivity charges, charges for book building platform for bidding, fees payable to SEBI and listing fees etc. The total expenses of the Issue are estimated to be approximately ₹ [●] Lakhs.

Particulars	Amount ₹ Lakhs *	As a % of Total Issue Expenses *	As a % of Total Issue Size *
BRLM / Syndicate member fee	[•]	[•]	[•]
Underwriting & Selling Commission	[•]	[•]	[•]
Advertising & Marketing expenses	[•]	[•]	[•]
Registrar fee	[•]	[•]	[•]
Printing, Stationary, Dispatch	[•]	[•]	[•]
Other expenses (including listing fee, SEBI filing fee, IPO Grading expenses, Legal Counsel fee, Depository charges, Auditor's fee, etc.)	[•]	[•]	[•]
Total	[•]	[•]	[•]

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

Estimated Schedule of Deployment of Funds

As estimated by our management, the entire proceeds received from the issue would be utilized a under:

(₹ in lakhs)

Particulars	Funds already deployed (till July 31, 2012)	2012-13	2013-14	Total
Expansion and Modernization of existing manufacturing facility	-	-	3,217.42	3,217.42
General Corporate purpose	-	-	[•]	[•]
Expenses of the Issue*	17.95	[•]	[•]	[•]
Total			[•]	[•]

Deployment of Funds towards the Objects of the Issue

We have incurred ₹ 17.95 Lakhs upto July 31, 2012 towards the Objects of the Issue which has been certified by Mr. Amit Sethi (Membership No. 502521), Partner, Kumar Ashwani & Associates, Chartered Accountants, vide their certificate dated September 01, 2012. The same has been incurred towards payment of Issue related expenses and have been financed through internal accruals.

Interim Use of Proceeds

Pending utilization of the proceeds out of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks and other investment grade interest bearing securities as may be approved by the Board. Such investments would be in accordance with the investment policies approved by the Board from time to time.

Bridge Financing Facilities

We have not raised any bridge loan against the Proceeds of the Issue.

Monitoring of Utilization of Funds

There is no requirement for appointment of an independent monitoring agency in terms of Regulation 16(1) of the SEBI ICDR Regulations. Pursuant to Clause 49 of the listing agreement, the Audit Committee of our Board will monitor the utilization of the Net Proceeds.

We shall, on a quarterly basis disclose to the Audit Committee the uses and application of the proceeds of the Issue and further disclose the same a part of the quarterly declaration of financial results. We will disclose the utilization of the proceeds of the Issue under a separate head in our balance sheet till such time the proceeds of the Issue have been utilised, clearly specifying the purpose for which such proceeds have been utilized. We will also, in our balance sheet till such time the proceeds of the Issue have been utilised, 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. The said annual disclosure shall also be certified by the Statutory Auditors of our Company.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Key Management Personnel or Promoter Group entities, except in the normal course of our business as disclosed under section titled “Interest of Promoters”, “Interest of Directors” and “Interest of Key Managerial Personnel” on page 93, 84 and 87 of the Draft Red Herring Prospectus.

Neither our Promoter nor any Directors and / or entities comprising the Promoter Group have any interest either in the proposed procurement of any equipment indicated under the Section “Objects of the Issue” or any of the entities from whom quotations have been obtained for the proposed procurement.

ISSUE STRUCTURE

The present Issue of [●] Equity Shares, at a price of ₹ [●] for cash aggregating ₹ 4,000 lakhs, is being made through the 100% Book Building Process. Our Company is considering a Pre-IPO Placement of up to [●] Equity Shares, for cash consideration aggregation up to ₹ 1,000 lakhs with certain investors. The Pre-IPO Placement is at the discretion of our Company. Our Company will complete the issuance and allotment of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post-Issue paid-up equity capital being offered to the public.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than [●] equity shares or Issue less allocation to Non-Institutional Bidders and Retail Bidders	Not less than [●] equity shares or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] equity shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Issue Size available for allocation	Not more than 50% of the Issue (of which 5% shall be available for allocation for Mutual Funds) or Issue less allocation to Non-Institutional Bidders and Retail Bidders. 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 portion will be available to remaining QIBs.	Not less than 15% of the Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 35% of the Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) Upto [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) Balance [●] Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid / Bid lot	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Maximum Bid / Bid lot	Such number of equity shares not exceeding the Issue, subject to regulations as applicable to the Bidder.	Such number of equity shares not exceeding the Issue subject to regulations as applicable to the Bidder.	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed ₹ 2,00,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Allotment lot	[●] equity shares and in multiple of 1 equity share thereafter	[●] equity shares and in multiple of 1 equity share thereafter	[●] equity shares and in multiple of 1 equity share thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Who can Apply**	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral & bilateral development financial institutions, Venture Capital Funds registered with SEBI, foreign Venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of ₹ 2,500 lakh and Pension Funds with minimum corpus of ₹ 2,500 lakh, National Investment Fund set up by Resolution No. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India, insurance funds set up and managed by the army, navy and air force of the Union of India, and insurance funds set up and managed by the Department of Posts, GoI.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value.
Terms of Payment	The entire Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bids being submitted by ASBA Bidder	The entire Bid Amount on bidding, to be blocked by the SCSBs pursuant to Bids being submitted by ASBA Bidder	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the Members of the syndicate. In case of ASBA Bidders, the SCSBs shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the Bid cum Application Form.

* Subject to valid bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill-over from other categories or a combination of categories in accordance with applicable laws, regulations and guidelines. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis

** 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.

BASIS FOR ISSUE PRICE

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

Investors should read the following summary along with the section titled “Risk Factors” on page 10 and section titled “Financial Statements” on page 95 of the Draft Red Herring Prospectus. The trading price of the equity shares of our Company could decline due to these factors and you may lose all or part of your investment.

Qualitative Factors

Some of the qualitative factors, which form the basis for computing the price are:

- Wide International Customer Base
- Wide product range of Hand Tools & Customization capability
- Long Term Marquee Customer Relationships
- Strong management team
- Quality Assurance

For details on the qualitative factors which form the basis for computing the price, please see the section titled “Our Business” on page 63 of the Draft Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from our company’s restated financial statements prepared in accordance with Indian GAAP. The quantitative factors, which form the basis for computing the price, are as follows:

1. Weighted average Earning Per Share (Basic & Diluted)

Period	EPS (₹)	Weight
Year ended March 31, 2010	0.04	1
Year ended March 31, 2011	2.22	2
Year ended March 31, 2012	6.02	3
Weighted Average EPS	3.76	

The EPS based on restated financial statements for the Financial Year ended March 31, 2012 is 6.02. The weighted average EPS has been calculated in accordance with Accounting Standard after adjustment for increase in share capital. For details regarding calculation of EPS, refer to “Statement of Accounting Ratios” on page 132 of the Draft Red Herring Prospectus.

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

Particulars	At the lower Band of ₹ [●]	At the upper Band of ₹ [●]
Based on weighted average EPS	[●]	[●]
Based on EPS as on March 31, 2012	[●]	[●]
Industry PE Multiple:		
Highest (Mahindra Forgings Limited)		40.10
Lowest (Simplex Castings Limited / Uni Abex Alloy Limited)		3.40
Average*		11.04

* Average PE Multiple is the simple average of P/E Ratios of companies included in the Industry: Casting & Forgings

Source: Capital Market Vol. XXVII/14, September 03 - 16, 2012, Industry: Castings & Forgings

3. Return on Net Worth

Year	RONW%	Weight
Year ended March 31, 2010	0.34	1
Year ended March 31, 2011	22.58	2
Year ended March 31, 2012	36.75	3
Weighted Average	25.96	

Minimum Return on total Net Worth after issue needed to maintain pre-issue EPS of 6.02 is [●] %.

4. Net Asset Value per Equity Share

Particulars	Amount (₹)
Issue Price	[●]
As on March 31, 2012	16.39
After the Issue	[●]

5. The accounting ratios of selected companies in the Peer Group

(based on standalone financial statements)

Name of the Company	Face Value (₹)	EPS (₹)	P/E	RONW%	NAV (₹)	Turnover (₹ in Lakhs)
G.B. Tools and Forgings Limited (As on March 31, 2012)*	10	6.02	[●]	36.75	16.39	8210.31
Akar Tools Limited (as per Audited financials on 31.03.2012)	10	4.79	5.64	10.22	46.86	14,097.80
Sanghvi Forgings & Engineering Limited (as per Audited financials on 31.03.2012)	10	3.99	8.62	8.00	46.84	5,073.13
MM Forgings Limited (as per Audited financials on 31.03.2012)	10	22.17	3.93	17.62	125.80	3,5023.25

* EPS, return on net worth and book value per share have been calculated from restated financial statements.

PE is calculated based on the EPS for the financial year ended March 31, 2012 and the Market Price of peer Company as on September 5, 2012 on BSE Limited (www.bseindia.com).

For details on calculation of ratios of our Company, refer to the section titled “Financial Statements - Statement of Accounting Ratios” on page 132 of the Draft Red Herring Prospectus.

The Issue Price is [●] times of the face value of the Equity Shares. The issue price of ₹ [●] per Equity Share has been determined by us in consultation with the BRLM, on the basis of assessment of market demand for the offered securities by way of Book Building process and is justified based on the above accounting ratios. Investor should read the following summary along with the section titled “Risk Factors” on page 10, “Financial Statement” on page 95 and the “Our Business - Strengths and Growth Strategies” on page 64 of the Draft Red Herring Prospectus.

STATEMENT OF TAX BENEFIT

The Board of Directors,
G B Tools & Forgings Limited

Dear Sirs,

We hereby confirm that the enclosed statement, prepared by the company, states the possible tax benefits available to G B Tools & Forgings Limited and its shareholder under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the 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 enclosed statements are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investor and hence is neither designed nor intended to be a substitute for professional tax advice. The company will not distinguish between the shares offered for subscription and the shares offered for the sale by the selling shareholders. Hence, 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.

Our confirmation is based on the information, explanations and representation obtained from the company and on the basis of our understanding of the business activities and operations of the company and interpretation of the current tax laws in force in India.

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

- The company or its shareholders will continue to avail these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/would be met.

For Kumar Ashwani & Associates
Firm Reg. No. 008891N
Chartered Accountants

Amit Sethi
Partner
M. No. 502521

Place: Jalandhar
Dated: September 01, 2012

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. Deduction under Section 80-IC of the Income Tax Act, 1961

For Unit II of the Sansarpur Tarreze, (Himachal Pradesh)

The profits of the Manufacturing Unit I located at the Sansarpur Tarreze (Himachal Pradesh) would be eligible for the deduction @ 100% under section 80-IC of the Act for the period of first five years after commencement of commercial production i.e. 30th March 2010 and thereafter @ 30% for next five years. The profit of this unit for the purpose of Section 80-IC of the Act shall be computed on a stand-alone basis. The benefit is available subject to fulfillment of the conditions prescribed under that section.

2. The manufacturing unit located at Sansarpur Tarreze (Himachal Pradesh) is exempted from payment of Central Excise Duty under the Central Excise Act, 1944, vide Notification No. 50/2003 dated 10th June 2003 and the said exemption would be available to these units till the expiry of ten years from the date of notification or from the date of commencement of commercial production, whichever is later.
3. Sales made from Unit located at Sansarpur Tarreze (Himachal Pradesh) are liable to pay concessional central sales tax @ 1% subject to the compliance of provision of the HPGST Act and the CST Act and rules made or notification issued there under and the said exemption would be available to these units till 31st March 2013 or till the time the CST is phased out by Government of India.

B. GENERAL TAX BENEFITS, AVAILABLE TO ALL CATEGORIES OF THE COMPANIES, SUBJECT TO THE FULFILLING CERTAIN CONDITIONS AS REQUIRED UNDER THE RESPECTIVE ACTS:

BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961.

1. Under Section 10(34) of the Act, any income by way of dividend (whether interim or final) referred to in Section-115-O of the Act (i.e. dividend declared, distributed or paid on or after April 1, 2003 by domestic companies) received from a domestic company shall be exempt from tax in the hands of the company.
2. Under section 10(35) of the Act, any income received in respect of the units of a Mutual Fund specified under section 10(23D) is exempt from tax.
3. Under Section 32 of the Act, the company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses etc (on intangible assets acquired on or after March 31, 1998).
4. As per the provisions of section 32(1)(iia) of the Act, the Company is entitled to claim additional depreciation @ 20% of the actual cost on new plant or machinery which has been acquired and installed after 31st March, 2005 subject to fulfillment of conditions prescribed therein.
5. In terms of sub section (2) of 32 of the Act, the Company is entitled to carry forward and set off the unabsorbed depreciation arising due to absence / insufficiency of profits or gains chargeable for the previous year. The amount is allowed to be carried forward and set off for the succeeding previous years until the amount is exhausted without any time limit.
6. Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as under writing commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, beginning with the previous year in which the business commences, subject to the stipulated limits.
7. As per the provisions of Section 56(2)(viiia) the Company shall be taxed in respect of shares received of a company in which the public are not substantially interested either without consideration or for a consideration which is less than the aggregate fair market value of the such shares provided the fair market value of such shares exceeds fifty thousand rupees. Such income shall be taxed in the hands of the company as "Income from other sources". However this clause of taxability would not be applicable from the year in which shares are listed in a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made there under subject to other stipulated conditions as mentioned in section 2(18)(b)(A) of the Income Tax Act, 1961.

8. As per provisions of section 71 of the Act, the Company is entitled to set off loss arising under one head of income (other than capital loss) against income under any other head (excluding income under the head salary) in the same assessment year.
9. As per provisions of section 72 of the Act, the Company is entitled to carry forward business losses for a period of 8 consecutive assessment years commencing from the assessment year when the losses were first computed and set off such losses from income chargeable under the head "Profits and gains from business or profession" provided there is no substantial change in shareholding of the company in accordance with section 79 of the Act.
10. As per provisions of section 74 of the Act, the Company is entitled to carry forward losses arising from the transfer of capital assets for a period of 8 consecutive assessment years commencing from the assessment year when the losses were first computed and set off such losses from income chargeable under the head "Capital Gains". However, losses arising from long term capital assets may be set off only against long term capital gains arising to the company in future.
11. As per the provisions of Section 112 (1) (b) of the Act, long term capital gains would be subject to tax at a rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(36) and 10(38)) or zero coupon bond, would be subject to tax at the rate of 20% with indexation benefits (plus applicable surcharge and education cess) or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
12. 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 takes place on and after 1st of October 2004 and such sale is subject to Securities Transaction tax. Provided that income by way of long term capital gain of a company shall be taken into account in computing the book profit and income tax payable under section 115JB.
13. 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 @ 15% (plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and transaction is subject to Securities Transaction Tax.
14. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and section 10 (38)), if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section subject to a limit of ₹ 50 Lakh during a financial year. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.

BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

1. Under Section 10(34) of the Act, income earned by way of dividend from the domestic company referred to in Section-115-O of the Act are exempt from income-tax in the hands of shareholders.
2. As per the provisions of Section 112 of the Act, long term capital gains would be subject to tax at a rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), the long term capital gains resulting on transfer of listed securities or units (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of 20% with indexation benefits (plus applicable surcharge and education cess) or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
3. 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 takes place on and after 1st of October 2004 and sale is subject to Securities Transaction tax.
4. 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 the rate of 15% (plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and transaction is subject to Securities Transaction Tax.

5. As per provisions of section 36(1)(xv), a deduction is allowed to an assessee for an amount equal to the securities transaction tax paid by the assessee in respect of taxable securities transactions entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession".
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising on transfer of their shares in the company (not covered by section 10(36) and section 10(38)), if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section subject to a limit of ₹ 50 Lakh during a financial year. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
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 shareholder would be entitled to exemption from long term capital gains on the sale of shares in the company (not covered by section 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 gain 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. There are no special tax benefits available to shareholders of the company.

BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

1. Under Section 10(34) of the Act, income earned by way of dividend from the domestic company referred to in Section-115-O of the Act are exempt from income-tax in the hands of shareholders.
2. In the case of shareholder being a non-resident Indian and subscribing to the 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's shares (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10 percent as increased by surcharge and cess, without any indexation benefit but with protection against foreign exchange fluctuation.
3. In the case of shareholder being a non-resident Indian and subscribing to the shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115F of the Act, the non-resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 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 the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
5. In accordance with the provisions of Section 115H of the Act, when a Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to 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 Section 115 I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
7. In accordance with and subject to the conditions and to the extent specified in Section 112 of the Act, tax on long term capital gains arising on sale of listed securities or units (not covered by Section 10(36), 10(38) and 115D) 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 surcharge and cess.

8. 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 takes place on and after 1st of October 2004 and 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 the rate of 15% (plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and transaction is subject to Securities Transaction Tax.
10. As per provisions of section 36(1)(xv), a deduction is allowed to an assessee for an amount equal to the securities transaction tax paid by the assessee in respect of taxable securities transactions entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and Gains of Business or Profession".
11. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising on transfer of their shares in the company (not covered by section 10(36) and section 10 (38)), if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section subject to a limit of ₹ 50 Lakh during a financial year. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
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 gains on the sale of shares in the company (not covered by section 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 gain 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.
13. 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 Indian.

BENEFITS AVAILABLE TO NON-RESIDENT(OTHER THAN INDIAN) SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

1. Under Section 10(34) of the Act, income earned by way of dividend from the domestic company referred to in Section-115-O of the Act are exempt from income-tax in the hands of shareholders.
2. In accordance with and subject to the conditions and to the extent specified in Section 112 of the Act, tax on long term capital gains arising on sale of listed securities or units (not covered by Section 10(36), 10(38)) 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 surcharge and cess.
3. 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 takes place on and after 1st of October 2004 and sale is subject to Securities Transaction tax.
4. 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 the rate of 15% (plus applicable surcharge and education cess) provided such a transaction is entered into after the 1st day of October, 2004 and transaction is subject to Securities Transaction Tax.
5. As per provisions of section 36(1)(xv), a deduction is allowed to an assessee for an amount equal to the securities transaction tax paid by the assessee in respect of taxable securities transactions entered into the

course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and Gains of Business or Profession”.

6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising on transfer of their shares in the company (not covered by section 10(36) and section 10 (38)), if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section subject to a limit of ₹ 50 Lakh during a financial year. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
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 shareholder would be entitled to exemption from long term capital gains on the sale of shares in the company (not covered by section 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 gain 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 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 FOREIGN INSTITUTIONAL INVESTOR (‘FII’) UNDER THE INCOME TAX ACT, 1961

1. Under Section 10(34) of the Act, income earned by way of dividend from the domestic company referred to in Section-115-O of the Act are exempt from income-tax in the hands of shareholders.
2. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by Sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by surcharge and cess. 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 transaction tax shall be taxed @ 15% (plus applicable surcharge and cess) 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 are not available to FII.
3. 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 takes place on and after 1st of October 2004 and sale is subject to Securities Transaction tax.
4. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising on transfer of their shares in the company (not covered by section 10(36) and section 10 (38)), if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section subject to a limit of ₹ 50 Lakh during a financial year. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
5. 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 MUTUAL FUND AS A SHAREHOLDER UNDER THE INCOME TAX ACT, 1961

Subject to provisions of Chapter-XII-E, any income of:

1. Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under,
2. Mutual fund set up by a public sector bank or a public financial institution or authorized by Reserve Bank of India and subject to the conditions as the Central Government by notification in the Official Gazette, specify in this behalf.

is exempt under section 10(23D) of the Income Tax Act 1961

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUND UNDER THE INCOME TAX ACT, 1961

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

BENEFITS UNDER THE WEALTH TAX ACT, 1957

As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

BENEFITS UNDER THE GIFT TAX ACT

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

Notes

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2011 and will be available only to the sole/ first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme. The tax implications of an investment in the Equity Shares, particularly in view of certain recently enacted legislations, may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents from various sources, including officially prepared materials from the Government bodies and industry websites/publications. Industry websites/publications generally state that the information contained in therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company estimates, while believed by us to be reliable, have not been verified by any independent agencies. The information/data in this document has been sourced from the following:

Website of reserve bank of India (RBI)- www.rbi.gov.in

Website of Union Budget & Economic Survey - www.indiabudget.nic.in

Website of Ministry of Statistics and Programme Implementation – MOSPI <http://mospi.nic.in>

Website of Ministry of Commerce and Industry (Department of Industrial Policy and Promotion)- www.dipp.nic.in.

Website of Association of Indian Forging Industry-www.indianforging.org

Website: www.hand-tools-manufacturers.com

Website of IndiaMART Limited - www.indiamart.com

*Website of International Monetary Fund (IMF) - World Economic Outlook, April 2012 – www.imf.org
www.business.gov.in*

GLOBAL ECONOMY

The outlook for the global economy is slowly improving again but is still very fragile. Global growth is projected to drop from about 4 percent in 2011 to about 3½ percent in 2012 because of weak activity during the second half of 2011 and the first half of 2012. Real GDP in many emerging and developing economies was somewhat weaker than expected, but growth surprised on the upside in the advanced economies. Real GDP growth in the emerging and developing economies is projected to slow from 6¼ percent in 2011 to 5¾ percent in 2012 but then to reaccelerate to 6 percent in 2013, helped by easier macroeconomic policies and strengthening foreign demand. However, the recovery will remain vulnerable to several major downside risks.

INDIAN ECONOMY OVERVIEW

The Indian economy is the fourth largest economy of the world on the basis of Purchasing Power Parity (PPP). It is one of the most attractive destinations for business and investment opportunities due to huge manpower base, diversified natural resources and strong macro-economic fundamentals. Also, the process of economic reforms initiated since 1991 has been providing and investor friendly environment through a liberalized policy framework spanning the whole economy.

The table below sets India's Real expected GDP growth during the 2012 and 2013 fiscal years, as compared to that of the European Union, United States of America, China, Japan and other Newly Industrialized Asian Economies:

	Actual	Projected	
	2011	2012	2013
Euro Area ¹	1.4	-0.3	0.9
United States	1.7	2.1	2.4
China	9.2	8.2	8.8
Japan	-0.7	2.0	1.7
India	7.2	6.9	7.3
Newly Industrialized Asian Economies	4.0	3.4	4.2

¹ The Euro Area is comprises Germany, France, Italy, Spain, Netherlands, Belgium, Greece, Austria, Portugal, Finland, Ireland, Slovak Republic, Slovenia, Luxembourg, Cyprus and Malta. (Source: World Economic Outlook, April 2012)

The IMF believes that activity across Asia slowed during the last quarter of 2011, reflecting both external and domestic developments. In India, domestic factors also contributed to the slowdown, as a deterioration in business sentiment weakened investment and policy tightening raised borrowing costs. While part of the expected slowdown to 7 percent in 2012 is a cyclical response to higher interest rates and lower external demand, policy uncertainty and supply bottlenecks are playing a role and will need to be tackled in the near term to ensure that potential growth does not decline.

As per the latest estimates available on the Index of Industrial Production (IIP), the General Index for the month of June 2012 stands at 168.3, which is 1.8% lower as compared to the level in the month of June 2011. The cumulative growth, for the period April-June 2012-13, stands at (-) 0.1% over the corresponding period of the previous year. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of June 2012 stand at 124.3, 178.1 and 157.0 respectively, with the corresponding growth rates of 0.6%, (-) 3.2% and 8.8% as compared to June 2011. The cumulative growth in the three sectors during April-June 2012-13 over the corresponding period of 2011-12 has been (-) 1.1%, (-) 0.7% and 6.4% respectively. In terms of industries, fourteen (14) out of twenty two (22) industry groups (as per 2-digit NIC-2004) in the manufacturing sector have shown non-negative growth during the month of June 2012 as compared to the corresponding month of the previous year.

The Foreign Direct Investment (FDI) investment was USD 46.55 Billion in 2011-12 and USD 7.70 Billion in 2012-13 up to June 2012 as per provisional figures by RBI. The cumulative amount of FDI inflows from April 2000 - June 2012 amounts to USD 260.91 Billion. The FDI equity inflows for the period April 2012 to June 2012 was USD 4.43 Billion and the cumulative FDI equity inflows for the period April 2000 to June 2012 was USD 174.71 Billion, according to Ministry of Commerce and Industry, Department of Industrial Policy and Promotion.

INDIAN FORGING INDUSTRY

The Indian Forging Industry has emerged as a major contributor to the manufacturing sector of the Indian Economy. The composition of the Indian forging industry can be categorized into four sectors – large, medium, small and tiny. As is the case world over, a major portion of this industry is made up of small and medium units/enterprises (SMEs).

The industry was previously more labour intensive. It is closely estimated that the industry provides employment (direct and indirect) to about 200,000 people. More than around 65% of the companies in the forging employ less than 200 people. Now with increasing globalization, the industry is becoming more capital intensive. However, the high cost of capital (technology) still remains a major constraint facing the forging industry (especially the SMEs).

The organized sector accounts for about 65-70% of the total forging production in the country, while unorganized players (who are mainly small and tiny units) cater mainly to job work and the replacement market or tier 3 or tier 4 component manufacturers. The small scale units too are increasing their capital investment to keep pace with increasing demand in the global markets as also to broaden the areas of demand for forgings. Many of them are now suppliers to Original Equipment Manufacturers (OEMs) in the Automobile sector, which speaks volumes about their efforts at technology and quality up gradation.

The Indian Forging industry has been growing at a CAGR of 29% from 2003 onwards, and on an average exports contribute around 10-15% of the industry's production. The capacity of the industry is estimated to be around 1.5 million tonnes and the industry currently operates around 70% capacity utilization producing around 1.0-1.2 million tonnes of forgings.

Some of the largest customer markets include Automotive and Tool Industry. But, application is not limited to automotive sector alone and there is ample scope for expanding the market of forgings to various sectors like Steel, Coal, Metals & Metal Working Industry; Material Handling & Off Highway Equipment Industry; Cement; Chemical Processing & Oil Exploration Industry; Mechanical Power Transmission Equipment Industry; Sugar & Ship Building Industry; Power Sector; Electric Equipment Industry; Defense Sector; Farm Machinery Industry & Railway Sector. The industry's continuous efforts in upgrading technologies and diversifying product range have

enabled it to expand its base of customers. The Indian forging industry is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, Indian forging industry has been making significant contributors to country's growing exports.

The industry expects to post good results in the coming year due to the initiatives taken by all quarters including the Govt. to rationalize rate of inflation in the country. In view of this, many large and medium forging companies have taken important initiatives to improve capacity utilization / modernization by diversifying into non-auto alternatives also and further reduce cost etc.

Notwithstanding this, the industry had also to contend with its share of other problems. It had to bear the brunt of steep and frequent increases in the cost of major inputs like fuel, energy, labour and finance costs. For a major part of the year, the industry has grappled these issues and managed to keep afloat under the adverse circumstances.

Major Challenges faced by the Indian Forging Industry.

Domestic

- Volatile international and domestic prices of inputs
- Compliance with stringent environment norms.
- Practical difficulties associated with consolidation of capacities
- High attrition rate, at all levels.
- High interest rates.

Exports

- Impact of a rising rupee on export realization
- Reluctance of suppliers and end users to compensate for increasing costs
- Inadequate investment in technology up gradation, due to high costs of capital
- Cost competitiveness adversely affected due to constant cost escalation without adequate compensation coupled with the impact of a rising rupee.

INDIAN HAND TOOL INDUSTRY

The Hand Tool Industry is totally a fragmented industry which has both large and small players in the market. There are few organized players in the sectors also like Akar Tools, GB Tools and Taparia Tools etc.

Hand Tools are those types of non-powered tools which are designed for use by experts as well as in Do-It-Yourself (DIY) projects, like home repairs, general maintenance, woodworking, building, mechanics and gardening. The hand tool industry is facing new challenges related to worldwide business globalization and the invention and use of electronic business.

HAND TOOL MARKET IN INDIA

India has a competitive advantage in the hand tool industry compared to other countries because of easy availability of raw material, entrepreneurship skills and skilled labor at competitive wages. The hand tool industry as a whole is witnessing a shift of manufacturing base from traditional manufacturing countries in Europe and Taiwan to the developing world and this is a good sign for India to benefit.

The hand tool manufacturers are spread all over the country particularly in Punjab. Most of the hand tool manufacturers in Punjab are located in Jalandhar and Ludhiana. The state's hand tool industry accounts for 70-80 per cent of India's total hand tool exports, with small and medium enterprises (SMEs) playing a dominant role. According to the Engineering Export Promotion Council, exports in 2011-12 will be around 20 per cent higher than 2010-11. The major export markets are the US and the European Union, which account for 50 per cent of the total exports from the state.

Hand Tool Exports: Fluctuating Fortunes

Year	Export (Million \$)	% Growth
2003-04	137.00	-
2004-05	173.20	26.42
2005-06	205.33	18.55
2006-07	182.95	(-)10.90
2007-08	193.05	5.52
2008-09	196.48	1.78
2009-10	148.92	(-)23.94
2010-11	252.61	69.63

Source: Engineering Export Promotion Council

Characteristic of the Hand Tool Industry

- **A Labor Intensive Industry:** A source of employment to many, hand tools industry is basically labor intensive in nature, whose development is of great importance for a competitive as well as a self-reliant industrial structure. The manufacturers of hand tools produce a comprehensive range of hand tools, right from carpentry and plumbing tools to striking and cutting tools.
- **Energy Intensive Industry:** Apart from being a labor intensive industry, this industry is also an energy intensive one. It is estimated in a recent study that in most economies adoption of energy efficient processes and technologies can yield in energy savings of up to 30 to 50%.
- **Effective Contributor to the Economy:** Adding positively to the income of a country, hand tools industry has contributed to economy in terms of development and technology up-gradation.

Consumption patterns of hand tools

This depends on the following factors:

- Price sensitivity
- Supply chain dynamics
- Rationalization
- Product quality, design and safety
- Service
- Environmental factors

HAND TOOL

A hand tool is a device or an instrument used to do a particular job that does not require a motor, but is intended for hand held operation by one individual. Virtually every type of tool can be considered a hand tool. It provides a mechanical advantage in accomplishing a physical task. Now-a-days automotive hand tools are fast gaining popularity among woodworkers and craftsman.

Materials in Making Hand Tools

Hand tools manufacturer make use of a wide variety of metals and wood in its making. The common materials used in making the blades of hand tools are:

- Iron
- Steel
- Aluminum
- Brass
- Stainless Steel
- Carbon Steel
- Mild Steel

Types of Hand Tools

- **Manual Hand Tools:** Manual hand tools are the most basic form of equipment. They do not require the speed of powered hand tools or do not have access to power sources but are perfect for operations. These include hoes, screwdrivers, chisels, wedges, drift pins, hammers etc.

- **Pneumatic Hand Tools:** Pneumatic hand tools perform the operation task at the push of a lever. They are powered by compressed air. They include chippers, drills, hammers, sanders etc.
- **Power Hand Tools:** Tools which are hand held but are powered by electricity. These include chainsaws, high grade motors, electric drills, angle grinders, jigsaw cutters, tappers, fasteners etc.

CARPENTRY TOOLS

Tools which are used for carrying out wood work or artistic crafts on wood by carpenters. They are thus sometimes also called carpenters tools or wood working tools too. Wood works involve different kinds of techniques, which renders the use of specialized tools imperative to carry out specific functions. Wood working tools help a carpenter or a woodworker in making or repairing objects made of wood or work done in wood, especially wooden interior fittings in a house, as moldings, doors, staircases, or windowsills. In order to perform carpentry or woodworking at its best, whether in the construction of furniture, building, decorative and other objects, there are innumerable types of carpentry tools or woodworking tools. Artistic crafts and wood work can be easily carried out with these woodworking tools.

Types of Carpentry Tools

- Carpentry Measuring Tools
- Carpentry Cutting Tools
- Carpentry Fastening Tools
- Carpentry Drilling Tools

AUTOMOTIVE HAND TOOLS

There are different kinds of hand tools used in the automotive industry. These automotive hand tools are perfect for fixing different problems related to automobiles like cars, bikes, trucks and many more. Automotive tools represent a complete revival of the transport industry as whole-repairing automobiles, substituting whole pieces with customized replacements, to repair or assemble automotive parts etc. The mechanics require several types of automotive tools like spanners, screws driving tools, regular tips, cutting tools etc. In essence, automotive hand tools are always a definite requirement of the car enthusiasts. Automotive hand tools are perfect in tackling hard to reach areas.

Importance of Automotive Hand Tools

Automotive Hand Tools comprises a wide spectrum of bits and pieces, ranging from small sized hand tools to heavier equipment, power and hydraulic tools. It is a known fact that an automobile is always in need of minor repairs and adjustments. Its fuel system, engine, electrical system, suspension, steering and brake problems need one or the other automotive tool to be tinkered with so as to troubleshoot its problems.

CUTTING TOOLS

Tools used for cutting are collectively known as cutting tools. They are usually made of solid metal that is fixed over good quality wood. Since these tools are used for cutting, special attention needs too be paid to the sharpness of their blades. Cutting tools are needed to cut numerous types of things like wood, metal, plastic etc. Today, the cutting tools comprise a wide range of tools and because of their versatility they have been able to earn a wide reputation and an uninterrupted usage throughout the world.

Importance of Cutting Tools

The cutting tools are essential in the field of metalworking as well as woodworking. There are a wide variety of cutting tools used for different purposes. Besides cutting, these tools are used for getting rid of metals from the workplace, for filing, for sawing etc. It is to be noted that the materials used in the making of the cutting tool should be harder and tougher than the material it cuts. In the process of metal cutting, it is a known fact that a good amount of heat is generated. Hence, it is a prerequisite for cutting tools to withstand the heat generated. Moreover, having a particular geometry, the cutting edge of the cutting tool helps in making contact with the workplace. The importance of the cutting face's angle should therefore be never ignored.

MASONRY TOOLS

There are different kinds of tools in masonry and plastering jobs. Some simple hand tools are still used to carry out simple tasks in the masonry trade. There are a wide variety of masonry and plastering tools. It is to be noted that tools used in masonry are solely designed to be used only in masonry and cannot be used for other purposes. The saying “the right tool for the job” is appropriate in masonry trades.

Types of Masonry Tools

- Tamper
- Straightedges
- Floats
- Steel Trowels
- Fresno
- Edgers
- Groovers
- Jointer
- Masonry Chisel
- Mason’s Hammer
- Brick Tongs
- Brushes

FACTORS TO CONSIDER FOR THE GROWTH OF THE HAND TOOL INDUSTRY

Hand tool industry is a growing industry. Developed countries like EU, USA have already been manufacturing and exporting hand tools since a long time. Developing countries like India and China etc. are coming up. Some factors that are to be considered for the overall development of the industry are as follows:

- Manufacturing centers should be equipped with the latest hand tool manufacturing technology
- For small, medium scale entrepreneurs in the developing areas, credit should be made available to them at lower rates of interest.
- This industry is usually a part of hand and power tool industry as a whole. Hence, steps should be taken to built up a Hand Tool Industrial Estate. Exclusively for the Hand Tools Units, in all countries.
- Labor laws of all countries dealing with hand tools should be made more investor friendly, specially for small entrepreneurs.

OUR BUSINESS

We are in the business of manufacturing and export of Drop Forge Hand Tools and allied forging products. Our products have varied applications and are used in various industries like mechanical, maintenance, automobile, engineering, construction, electrical, and Do It Yourself (DIY) segment. We manufacture and sell these products under our brand “Gb tools” and also to various domestic and international customers under their brands. We are a recognized Star Export House by Government of India since 2009. We have over the years earned for ourselves a sound reputation for our quality products and are licensed by Bureau of Indian Standards to use ‘ISI’ Mark for most of our products.

Our overseas customers include some of the leading players spread across various business segments. We regularly export to various countries in Europe, Asia, North America & Latin America and has diversified customer base. We have consistently exhibited our ability to meet quality requirements of our overseas customers. In the financial year 2011-12, we exported products to 35 overseas customers which included names like Zavod Novosibirskiy Instrument JSC Russia, MaxTech Consumer Products Limited Canada, Stanley Black & Decker Inc LA USA, Cooper Tools Industrial LTDA, Brazil, Westfälische Gesenkschmiede GmbH Germany etc. In domestic market we route our sales mainly through a network of distributors spread all over India.

We are capable of manufacturing both standardized as well as customized products. Our flexible manufacturing infrastructure enables us to extend our product range and change our product mix as per customer demand and requirement. We have, in the last few years, been successful in obtaining various product approvals from various domestic and international clients. At times, in order to meet the requirement of the customers, we also source products as per our specifications from other manufacturers and supply under our brand or as per directions of the customers. Our products have been inspected and accepted by various third party inspection agencies which are mostly appointed by our clients.

Our Company formally known as Ambika Forgings (a partnership firm till February 2011) has been in the Forging and Hand Tools business since April 1975 and our promoter Mr. Gian Parkash Bhandari has a vast experience of more than 37 years and in depth knowledge of Hand Tools Industry. Currently we have two manufacturing facilities, the main Manufacturing facility is located at Kapurthala Road, Jalandhar and the other unit at Industrial Area, Sansarpur Terrace, District Kangra, HP. Our existing manufacturing plant consists of forging shop, die shop, heat treatment shop, conventional and CNC machining shop, electroplating plants, powder coating plants backed by related quality assurance equipments.

In Financial Year 2010-11 and 2011-12 our revenue from operations was ₹ 5,380.12 Lacs and ₹ 7,713.56 Lacs respectively. Our Net Profits before tax for Financial Year 2010-11 and 2011-12 were ₹ 230.19 Lacs and ₹ 550.93 Lacs respectively. The following table provides a break up of our revenues between domestic and exports sales for the last two years:

Year	2010-11		2011-12	
	Amount (in ₹)	%age	Amount (in ₹)	%age
Export Sales	2,828.35	52.27%	3,811.65	49.41%
Domestic Sales	2,551.77	47.73%	3,901.91	50.59%
Total	5,380.12	100.00%	7,713.56	100.00%

In the financial years 2010-11 & 2011-12, the revenue from our top five overseas customers were ₹ 1,926.11 Lacs & ₹ 2,515.96 lacs constituting 35.80% & 32.62% respectively of revenue from operations.

Our Product range

Product Category	End-Use Industries
Jack Planes of all types, Chisels, Hacksaw, Hand drill machines, cutters	Furniture industry, housing and DIY segment
Jack saw & chain pipe wrenches, Hammers, Socket sets, Cutters, Demolition Hammers	Housing, DIY category, Engineering, Housing & construction

Product Category	End-Use Industries
Spanners, pipe wrenches, pliers, tool kits	All type of industries including automobiles & DIY segment

Our Strengths

We have over 37 years of industry experience which, coupled with our knowledge of the industry, positions us well to exploit the tremendous growth opportunities which growing hand tool industry is presently offering. Our following strengths and experiences help us to compete successfully in our industry.

- Wide International Customer Base**

We cater to large number of customers worldwide including names like Zavod Novosibirskiy Instrument JSC Russia, MaxTech Consumer Products Limited Canada, Stanley Black & Decker Inc LA USA, Cooper Tools Industrial LTDA, Brazil, Westfälische Gesenkschmiede GmbH Germany etc. Our products are accepted by customers in countries including Russia USA, Germany, Canada, Brazil, South Africa, UAE, Turkey, Poland, Kenya etc. We have been able to manufacture consistently the products which meet the stringent technical specifications of our customers. In FY2010-11 & FY 2011-12, we catered to 34 & 35 overseas customers respectively and our exports accounted to 52.57% and 49.41% of our revenue from operations by value. We are constantly striving to increase our customer base and reduce dependence on any particular customer. The region-wise break-up of export turnover for the last two financial years was as under:

(₹ In Lacs)		
Region	2010-11	2011-12
Europe	888.20	961.71
North America	411.98	1091.37
South America	247.86	103.62
Asia	1,176.25	1,517.91
Africa	104.07	137.04
Total	2,828.36	3,811.65

- Wide product range of Hand Tools & Customization capability**

We believe that we are one of the few hand tool manufacturers in the country providing a vast range of hand tools & allied forged products used in various industries in India & overseas. We manufacture a wide range of products such as, wrenches, spanners, pliers, Jack Planes, Jack Saw, hammers, Chisels, chain pipe wrenches, tool kits and other hand tools.

Our strength lies in understanding the customer requirement and execution capabilities to customize and manufacture the product as per the client specifications. This involves understanding of technical know how involved in processing of raw material like torque values, hardness, corrosion resistance, plating finish, packaging, lead content limitations etc. The process selection for customized products is done by qualified engineers on production lines.

- Long Term Marquee Customer Relationships**

We have a successful track record of regularly exporting Hand Tool products to global customers. This is because of our ability to provide high quality Hand Tools to these customers on a continuous and uninterrupted basis. We have consistently and successfully demonstrated the ability to manage key client relationships. This is reflected in the long duration of our relationships and the repeat orders for our products from some of our large overseas customers. We believe that we are preferred supplier to many companies dealing in Hand tool products. Our regular overseas customers include names like Stanley Black & Decker Inc LA, USA, MaxTech Consumer Products Limited waterloo, Canada, and Zavod Novosibirskiy Instrument JSC, Russia, etc

- Strong management team**

We believe that our experienced management has substantially contributed to the growth of our business operations. Our Promoter Director Mr. Gian Parkash Bhandari have more than 37 years of experience in Hand Tool industry. Empowerment of management by delegation of authority has been our strength in

meeting management expectations and has helped our Company in building a large team of experienced professionals. We believe that the experience of our senior management team has translated into improved product quality, increased profitability and improved margins which give us competitive edge.

- **Quality Assurance**

Each of our Company's products passes through stringent quality checks. The quality assurance measures taken by our Company include thorough checking of all raw materials, other inputs and finished goods to ensure quality, statistical methods to identify and analyze areas of improvement, experienced manpower for quality assurance activities, creation of data base for future reference and analysis etc. Each of the divisions is well equipped with modern quality checking and testing equipment in place for quality assurance and functions in a philosophy of providing quality products to customer.

We believe that our manufacturing units have adequate facilities and personnel to ensure compliance with the quality specifications and process parameters we have established. We are a ISO 14001: 2004 certified company for Development, Manufacturing, Procurement and Export of Hand Tools.

Business Strategy

The key elements of our business strategy are as follows:

- **Raise capacity and widen the product range**

Going ahead we intend to focus and modernize our existing facilities as well as set up new capacity and capability to manufacture high quality precision engineered hand tools catering to both **automobile and engineering industry**. The expansion and modernization program will help us in expanding our product range in these segments. The proposed modernization will reduce the lead time and dependence on the labor resulting into higher efficiency and the productivity in terms of reduced cost and better quality of the products. We propose to leverage our existing clients and as well as acquire new client base, like OEM's, to sell our products.

- **To diversify in Non-Sparking Tools segment**

Non-Sparking Tools are essential for applications in potentially explosives environments. Non-sparking safety tools are a premium grade hand tools made from an Aluminium Bronze alloy. These specialized tools do not render a hot spark when they strike, rub, or glance off the target material while working under volatile conditions. Non sparking tools are corrosion resistant which are especially well suited for applications in corrosive environments like encountered in marine works or fire-fighting applications. Further these tools have non-magnetic features which are essential for equipments that require complete non-magnetic safety. The use of bi-material anti-slippery handles, dipping anti-slippery handles, totally ergonomic designs make operations easier, more comfortable and faster.

We propose to offer non sparking tools that are forged rather than casted, guaranteeing maximum tensile strength such as combination spanners, DOE Spanners. Ring spanners, socket wrenches, pipe wrenches, adjustable wrenches, striking tools, pliers, pipe cutters, wedges, punches, chisels etc. Non-sparking tools predominantly find their application in industries such as petrochemicals, Gas & Oil pipe lines, Fireworks Industry, Mines, refineries, Chemical Industry, Paper making Industries, Power Stations, Paint Making, Plastic Manufacturing, Pharmaceutical Industry, Fire-Fighting etc.

- **Developing and Implementing New Processes to improve cost of production and Quality of our products.**

We operate in a competitive Hand Tools Industry where our customers seek continual cost benefits without compromising on Quality. We continuously seek to develop product and processes to improve our cost of production and Quality of our products.

In order to adhere to strict product specifications of our customers we intend to invest in developing new methods for inspection and install new testing equipments such as computerized testing machines, Spectro testing machine for steel products, computerized hardness testing equipment with analyser software, plating thickness testing equipment of high accuracy, computerized online dimensional checking comparator etc.

further we propose to develop new processes at our manufacturing units to improve overall efficiency of our operations such as:

- Reduce dependence on drop forging hammers by increasing use of press forgings.
- Replace semiautomatic electroplating plant to fully automatic plant.
- Effectively Implement Quality Management System (QMS) and Environment Management System (EMS) to improve quality performance
- Strengthen internal audit system to ensure effective implementation processes and practices to improve manufacturing operations.

- **Increase our Margin realization by moving up in the Industry Value Chain**

Some of the products manufactured by us are generic and commonly used tool which does not require high level of technical and manufacturing ability and are manufactured and supplied by many of our competitors locally resulting in reduced margins on these products. In last few years we have shifted focus to the value added products like cold stamped, mirror polished, high strength products with attractive packaging as per customer specifications thereby not only giving better value to our customers but an opportunity for us to increase our margins. We are further focusing to increase our capacity to make jumbo size hand tools which are scarcely available in the market and are at high in demand in domestic as well as in overseas market. We are also in the process of developing relationships with the OEMs in India and overseas market which will further facilitate Increase exports by targeting global OEMs; and reducing lead time for delivery of products.

- **Further Strengthen our Relationships with Major Customers**

We believe in having strong relationship with our customers so as to serve them over a long period of time. We intend to strengthen our relationship not only by offering variety of products as per customer specifications but at competitive rates. We are also trying to develop new relationship with prospective customers in sectors like Automobiles, Railways, Government Departments. We believe that hand tools and automobiles sectors provide a huge opportunity for forged products.

- **Increase our presence in Domestic Market**

The domestic demand for quality hand tool product is expected to increase with increase in demand from manufacturing companies focused on quality and precision such as Oil & gas sector, automobile and automobile component manufacturers, etc. Further demand from DIY segment for quality hand tools is expected to be robust in coming years. We have at present 16 distributors in various states of the country. We further plan to expand our dealer network and institutional marketing team to strengthen our domestic business.

Marketing & Business Development

The company has a model involving direct sales & through buyers/distributors. The International Marketing & Business Development team is headed by our Chairman Mr. Gian Parkash Bhandari while the domestic marketing team is headed by our Managing Director Mr. Saurabh Bhandari. They are ably supported by appropriate team of marketing personnel who interact with customers regularly and ensure prompt customer service. As marketing of our products particularly in overseas markets is dependent on obtaining pre-qualification certification/approval from prospective customers/their consultants, our marketing team functions in close co-ordination with our technical team to facilitate such approvals. Internationally, our company participates at various trade fairs from time to time and interact with OEMs with customized requirements to achieve respective business and long term association.

We make continuous efforts in promoting our brand both domestically and internationally. From domestic perspective, we have an in-house team of sales/marketing personnel to promote our brand who are in regular contact with our distributors & their dealers. We have a distributor network of 16 distributors all over the country who in turn have their dealers. Our Marketing & Business strategy is as under:

- We continuously meet major users of Hand Tools & know their product requirement.
- We participate in leading trade shows/seminars, buyer- seller meet etc to address needs of specific sectors of utilities for applications/usage of our product range.

- Continuously track & update requirements at the market place to interface fusion of technology.
- Technical seminars/presentations conducted at consultants/ and OEM's to get our product specified based on merits.
- Close communication with various consultants and other influential agencies working in the Forging & Hand Tool Industry.
- Regular presentations & discussions with our distributors in the country.

Competitors

Our Hand Tool business faces competition from both organized and un-organized players manufacturing Hand Tools in India. Due to industry's fragmented nature, there is no authentic data available to our company on total industry size and market share of our company vis-à-vis competition. Int International market we have to mainly compete with Chinese manufacturers of hand tools and in domestic market, our competitors include Akar Tools Limited, Taparia Tools Limited, Eastman Cast & Forge Limited etc and from unorganized sector.

Our existing Manufacturing Facilities

We have two manufacturing units one located at Jalandhar, Punjab and other at Sansarpur Terrace, district kangra, Himachal Pradesh as per details given below:

Location	Activity
11th Milestone, Village Mand, Kapurthala Road, Jalandhar, Punjab	Manufacturing
Plot NO. 106, 107 & 108, Phase-III, Industrial Area, Sansarpur Terrace, District Kangra, Himachal Pradesh	Manufacturing

Plant and Machinery

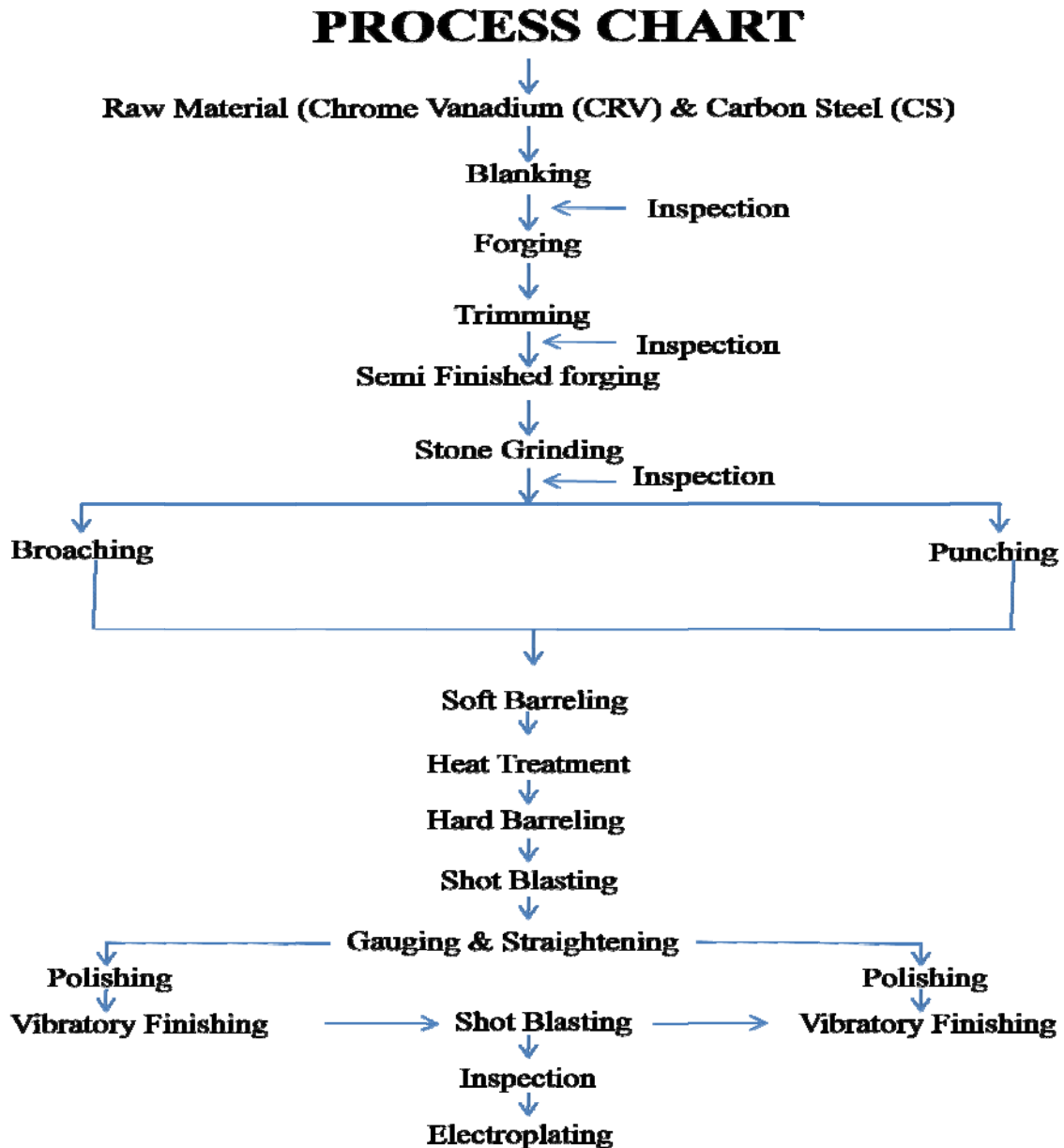
Our Manufacturing infrastructure is well supported by efficient & modern CNC & Forging Lines, testing equipments, electroplating units and vast machine shop floor. We have over 400 machines mainly comprising of Drop Frog Hammers, Barrels, Vibrators, Belt Grinders, Blanking Press, Broaching Machines, Lathe Machines, Shapers, Trimming Presses, Heating Furnaces, Electroplating plants for Nickel & Chrome plating, Horizontal milling machines, seat cutter milling machines, etc. The Plant & Machinery is used in following main sections of our Manufacturing unit:

- **Forging Section**
We have nine forging lines which produce over 70000 pieces per day. We employ the time tested principles of 'JIT' (Just in Time) and 'TQM' (Total Quality Management) in our production to produce huge spectrum of products with different specifications with immaculate precision.
- **Machine Shop**
We have Hydraulic CNC lines & SPM's (Special Purpose Machines) which are spread over our Machine Shop. We employ high quality equipments at our machine shops to maintain the critical dimensions and tolerance required for our products.
- **Tool Room**
Our Tool room comprises of variety of CNC Machining Centers, equipped with state of the art CAD/CAM software which enables us in achieving complicated design solutions for manufacturing of forging & shearing dies. These machines are critical for our manufacturing process as their accuracy lays the foundation stone for attaining consistent quality level for our products.
- **Electroplating Plant**
Our electroplating plant imparts the anti corrosive property, attractive and smooth finish to our products. The electroplating section include separate rotomatic tanks for plating, satin finish and Gloss & matt finish in Nickel plating, plant for chrome plating and electrostatic lacquer coating. We have testing equipments which

include the thickness testing machine and salt spray apparatus. These help us determine the durability of our tools against the different climatic conditions.

Manufacturing Process:

The major raw material is alloy steel CRV (Chrome Vanadium) & Carbon steel which is procured in strips & bars and is purchased locally. After receiving steel from manufacturer, visual and dimensional check of raw material is done. Thereafter, chemical and physical testing of each material is done. Our manufacturing of forged products is based on drop hammer technology for close die forgings



Blanking: The steel is received in form of strips or bars and is cut with corresponding blanking dies. There is blanking die for each size of product for better recovery. The blank piece is then weighed randomly and weight is ascertained by comparing with standard weight. Cutting of raw material is done in required shape & size to produce desired product.

Forging: Process of heating the red hot metal at required temperature & forming into the shape given in forging dies by striking the material in the die cavity with drop forged hammers. Prior to the process the dies are checked for correct configuration of the proposed forged articles. The forged parts are thereafter checked for dimensional accuracies as per inspection plan. Thereafter the process of trimming i.e. removing flash generated during forging with trimming dies is carried out

Stone Grinding: Grinding of rough surface on outer profile of hand tools generated during trimming operation with abrasive based grinding wheel.

Broaching & Punching: Process of machining hand tool to accurate size having very close tolerance, with broaching tools is known as broaching & punching involves removing flash generated during forging in ring end of hand tools with punch.

Barreling is the process of removing sharp edges on hand tool by rotating the hand tools a lot, in the mixture of stones, sand & water in the rotating bin. Thereafter the machining process of dilling of handle & threading of jaw of hand tools on drilling & lathe machines is carried out. Shot Blasting is the process of cleaning the surface of hand tool by striking the shots on surface of hand tools with shot blasting machine while

Gauging process involves grinding the open end of hand tool at the edges of opening to maintain the gauge size while Straightening is carried out for removing minor bends on hand tool to make it straight.

Polishing: Polishing the surface of hand tools with high gritt abrasive based grinding belts to make smooth & polished surface. Vibratory Finishing is a process of smoothing & polishing the surface of hand tools in vibratory machine.

Electroplating: Process of surface treatment of hand tool by spreading nickel & chrome layer on hand tools to make surface shining & prevent it from rust. This is a critical process & parameters are controlled & checked with all the advanced equipments installed in the plant.

Inspection

The parameters included in inspection includes Visual inspection, Dimensional inspection of components including surface finish, hardness, torque testing, insulation testing for pliers. After 100% Inspection the products are ready for packing. The finished products are packed as per customer requirements in pouches, kits, plastic trays, clips etc before packing in cardboard boxes or cartons for dispatch.

Research & Development

Research & Development department of our company is equipped with latest infrastructure in terms of design, testing & product evaluation. Presently a team of qualified professionals is involved in the areas of new model development along with basic R&D functions which include product specification. Our focus is on achieving process improvements and production cost efficiencies. We have in the past developed new products for our customers and undertaken processes to improve overall cost efficiency. Following are the products & Processes developed by us in house.

- Adjustable combination pliers, a patent application has been made with the India n Patent Office for the Product Design.
- Swedish Pipe Wrench in sheet metal handle, Multi Spanners & Jumbo Spanners
- Developed auto cleaning transporter for electroplating section
- Developed and installed material storage and delivery plant for barrel stone.

Capacity Utilization

The annual capacity utilization of our manufacturing facilities for the year ended March 31, 2012, 2011 and 2010 and proposed capacity utilization for the financial years ending March 31, 2013, 2014 and 2015 are as following:

(in MT)

Particulars	Existing			Proposed		
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Installed Capacity	3,000	3,500	3,600	3,600	3,600	7,800
Capacity utilized	1,258	2,063	2,420	2,520	2,700	5,070
Capacity Utilisation	41.93%	58.94%	67.22%	70.00%	75.00%	65.00%

Utilities & consumables

The main utilities required are power & water. We meet our electricity requirement by purchasing electricity from Punjab State Power Corporation Limited for Jalandhar Unit and Himachal Pradesh State Electricity board for the manufacturing unit at Sansarpur Terrace. The sanctioned power supply is 1696 KW and 269.86 KW respectively for manufacturing unit at Jalandhar and Sansarpur Terrace. Besides we have generator sets for both the units for power backup. The requirement of water for the manufacturing units is met through bore wells and submersibles.

The consumables required for operation of plant include, packing materials, chemicals, oils / lubricants and other chemicals for the machinery and processing, etc. These consumables are available from nearby cities & no difficulty is envisaged.

Effluent Disposal

Our manufacturing operations generate predominantly water based effluents for which we have collection, storage and disposal facility at our Jalandhar and Sansarpur, Terrace, Himachal Pradesh Manufacturing Unit.

Export possibilities and Export Obligations

We are presently exporting hand tools to various countries in Europe, Asia, North & South America & Africa. We also look to expand our exports to other countries as well. Some of our satisfied customers overseas are large multinationals. In the FY 2011-12 our export turnover was ₹ 3811.65 Lacs constituting 49.41% of our total sales. Presently we don't have any export obligation.

Human Resources

We believe that our Company's success depends to a great extent on our ability to recruit, train and retain high quality managerial and technical professionals. At the entry level, we recruit professionals with managerial and engineering background. Our Company seeks to retain professional talent through career management and through providing competitive levels of compensation and a positive working environment. The table below provides details of our company's employees as on July 31, 2012 is:

Employee Category	Number of Employees
Technical, engineers & managers etc.	24
Production Supervisors	24
Office staff	17
Workers	340
Total Employees	405

Our company's human resource policies concentrate on creating a management and skilled manpower pool through enhanced training and development activities and conceptualizing key responsibilities for them. We provide free transport facilities to our employees.

Insurance

Our operations are subject to risk inherent in the manufacturing operations such as work accidents, fire or explosions, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment. We maintain insurance for a variety of risk through “Standard fire and Special Perils Policy”, “Industry Care Policy”, “Machinery Insurance Policy” which covers insurance of buildings, stocks & machinery at our manufacturing facility.

Property

A. **Manufacturing Facility at Jalandhar:** The details of Property owned by the company is as under

Document Executed	Name of the Seller	Name of the Purchaser *	Details of land Purchased	Area	Consideration (₹)
Sale Deed dated 09/02/1999 No. 00BB304479	Mr. Arvind Kumar s/o Mr. Bangali Ram	Mr. Gyan Prakash Bhandari s/o Mool Raj Bhandari & Neelam Bhandari w/o Gyan Prakash Bhandari ¹	Land situated in the area of village Mand, Tehsil Jalandhar vide Jamabandi 1995-96, Khata No. 220/225, Khasra No. 13//12 (8-0)-19/2 (7-4)-22/1 (5-7)	8 Kanal 0 Marle (4,046.96 Sq Meter)	4,50,000
Sale Deed dated 09/02/1999 No. 00BB304480	Mr. Arvind Kumar s/o Mr. Bangali Ram	Mr. Gyan Prakash Bhandari s & Neelam Bhandari ²	Land situated in the area of village Mand, Tehsil Jalandhar vide Jamabandi 1995-96, Khata No. 220/225, Khasra No. 13//12 (8-0)-19/2 (7-4)-22/1 (5-7)	8 Kanal 0 Marle (4,046.96 Sq Meter)	4,50,000
Sale Deed dated 06/11/1998 No. 00CC940505	Mr. Swarn Singh s/o Joginder Singh & Mr. Harbans Singh s/o Joginder Singh	Mr. Gyan Prakash Bhandari s/o Mool Raj Bhandari & Neelam Bhandari w/o Gyan Prakash Bhandari ²	Land situated in the area of village Mand, Tehsil Jalandhar vide Jamabandi 1995-96 Khata No. 71/134-175/259 Khasra No. 13//1 (6-3)- 13/19 (8-0)-10 (7-12)	8 Kanal 0 Marle (4,046.96 Sq Meter)	4,00,000
Sale Deed dated 25/11/1999 No. 00BB863412	Mr. Swarn Singh & Mr. Harbans Singh	Mrs. Neelam Bhandari w/o Gyan Prakash Bhandari ¹	Land situated in the area of village Mand, Tehsil Jalandhar vide Jamabandi 1995-96 Khata No. 71/134-175/259 Khasra No. 13//1 (6-3)- 13/19 (8-0)-10 (7-12)	4 Kanal 0 Marle (2,023.48 Sq Meter)	4,80,000
Sale Deed dated 25/11/1999 No. 00BB863410	Mr. Swarn Singh & Joginder Singh	Mr. Gyan Prakash Bhandari s/o Mool Raj Bhandari ¹	Land situated in the area of village Mand, Tehsil Jalandhar vide Jamabandi 1995-96 Khata No. 71/134-175/259 Khasra No. 13//1 (6-3)- 13//9 (8-0)-10 (7-12)	4 Kanal 0 Marle (2,023.48 Sq Meter)	4,80,000
Sale Deed dated 27/06/2005 No. 03CC946873	Mr. Harnam Singh	Mr. Gyan Prakash Bhandari s/o Mool Raj Bhandari ¹	Land situated in the area of village Mand, Tehsil & Distt. Jalandhar vide Jamabandi 2000-01 No. 401 Khata/ Khatoni 38/69, 70,71, 224/307 Khasra No. 10//22/2 (2-16), 23 (7-0), 24/1 (4-4), 24/2 (3-16), 25 (8-0), 10//17/21 (1-4), Kitta 11	3 acre, 4 Kanal, 13 marle (14,492.80 sq meter)	45,00,000
Total				30,680.41	

¹ The land was purchased by the erstwhile Firm, Ambika Forgings, in the name of its Partners, namely Mr. Gian Parkash Bhandari and Mrs. Neelam Bhandari.

² The land was purchase by Mr. Gian Parkash Bhandari and was transferred to the erstwhile Firm, Ambika Forgings, as capital contribution in the firm.

*The land formed part of the Asset block of the Firm, which later got converted into our company under Part IX of the Companies Act, 1956. This land now forms part of the Assets of our Company and vest into the Company vide section 575 of the companies Act, 1956. However, mutation of the land in the name of the company has not taken place in the revenue records of the State Government.

B. Manufacturing facility at HP is located on the leased industrial properties as per the details given below*

Location	Area (Square Meter)	Document executed	Name of the Lessor	Period of lease
107 & 108, Phase-III, Industrial Ares, Sansarpur Terrace, Distt Kangra, Himachal Pradesh	1,750	Long Term Lease deed dated 14/07/2010	Government of Himachal Pradesh (through secretary, SWCA (Industries), Sansarpur Terrace)	95 years
106, Phase-III, Industrial Ares, Sansarpur Terrace, Distt Kangra, Himachal Pradesh	1,000	Allotment & Agreement to lease dated 29/04/2010 Lease deed yet to be executed	Government of Himachal Pradesh (through secretary,, SWCA (Industries), Sansarpur Terrace)	95 years

*The Sansarpur Terrace land leased on the name of erstwhile partners of Ambika Forging, formed the asset block of the firm, which later got converted into G B Tools & Forgings Limited under part IX of the Companies Act, 1956. This land now forms part of the assets of the Company and vest into the Company vide section 575 of the Companies Act, 1956.

C. Other Leased Properties (Marketing Office at Delhi)

Location	Area (Square Meter)	Document executed	Name of the Lessor	Validity
Premises No. 02 A/B, First Floor,Chander plaza, Wazir Nagar, Kotla Mubarakpur, New Delhi.	1,076.076	Lease Deed dated 31/07/2008	Rajkumar Sahni & Sons (HUF) through its Karta Mr. Raj Kumar Sahni	Valid for 3 years *

* Lease deed to be renewed

Trademark

We have filed an application for registration of our trademark “Gb tools” under the Trademark Act 1999 in the name of “Ambika Forgings” on July 10, 2008 with Trade Marks Registry, New Delhi and later informed the Trademark Registry on June 23, 2011 of the fact of conversion of Partnership Firm into Company in terms of Part IX of the Companies Act, 1956.

KEY INDUSTRY REGULATIONS

Our Company is engaged in the business of manufacture and export of Hand Tools in India. Our products include high quality Spanner, Wrench, Jack Plane, Plier, Vices, Hammer, Hacksaw, Screw Driver, Tools Kit etc.

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The regulations set below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice. Set forth below are certain significant legislations and regulations which generally govern this industry in India.

A. INDUSTRIAL AND LABOUR LAWS

1. The Factories Act, 1948 (the “Factories Act”)

The Factories Act seeks to regulate labor employed in factories and makes provisions for the safety, health and welfare of the workers. Section 2(m) of the Act, defines, a ‘factory’ to cover any premises whereon ten or more workers are working, or were working on any day of the preceding twelve months, and in which manufacturing process is carried on with the aid of power and any premises where twenty or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power. Each State Government has set out rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories.

The Act provides that occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. There is a prohibition on employing children below the age of 14 years in a factory.

2. Contract Labour (Regulation and Abolitions) Act, 1970 (the “CLRA Act”)

The CLRA Act applies to every establishment in which 20 or more workmen are employed or were employed on any day on the preceding 12 months as contract labour. The Act provides for the welfare of the contract labour, their wages, appointment of the inspecting staff and maintenance of registers, records, etc. As per the said Act, the establishments covered are required to be registered as the Principal Employer.

3. Minimum Wages Act, 1948

The Minimum Wages Act, 1948 gives power to appropriate government (Central or State) to fix minimum wages to be paid to the persons employed in scheduled or non scheduled employment and the concerned employer is required to pay the minimum wages, fixed by the appropriate government.

4. The Payment of Wages Act, 1936 (the “Payment of Wages Act”)

The Payment of Wages Act applies to persons employed in factories and industrial or other establishments where the monthly wages payable are less than ₹ 10,000. It requires the persons responsible for payment of wages to maintain certain registers and display of the abstracts of the rules made their under.

5. Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the “EPF Act”)

The EPF Act was introduced with the object to institute provident fund for the benefit of employees in factories and other establishments. It empowers the Central Government to frame the "Employee's Provident Fund Scheme", "Employee's Deposit linked Insurance Scheme" and the "Employees' Family Pension Scheme" for the establishment of provident funds under the EPFA for the employees. It also prescribes that contributions to the provident fund are to be made by the employer and the employee.

6. Employees State Insurance Act, 1948 (the “ESI Act”)

The ESI Act, provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed

on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

7. Payment of Gratuity Act, 1972 (the “Gratuity Act”)

The provisions of Gratuity Act are applicable on all the establishments in which ten or more employees were employed on any day of the preceding twelve months and as notified by the government from time to time. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A thereafter whenever there is any change in the name, address or in the change in the nature of the business of the establishment a notice in Form B has to be filed with authority. Further, every employer has to obtain insurance for his liability towards gratuity payment to be made under payment of Gratuity Act, with Life Insurance Corporation or any other approved insurance fund.

8. Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable on every establishment employing 20 or more employees. The said act provides for payment of the minimum bonus to the employees specified under the Act. It further requires for the maintenance of certain books and registers and submission of Annual Return within 30 days of payment of the bonus to the Inspector.

9. The Workmen Compensation Act, 1923

The Workmen Compensation Act, 1923 ("WCA") has been enacted with the objective to provide for the payment of compensation to workmen by employers for injuries by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The WCA makes every employer liable to pay compensation in accordance with the WCA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment.

In case the employer fails to pay compensation due under the WCA within one month from the date it falls due, the commissioner appointed under the WCA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

10. Industries (Development and Regulation) Act, 1951 (the “I(D&R) Act”)

The I(D&R) Act has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking which is exempt from licensing is required to file an Industrial Entrepreneurs Memorandum ("IEM") with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required.

B. POLLUTION LAWS

1. Environment (Protection) Act, 1986 & Environment Protection Rules

The Central Government has been vested with powers to lay down standards for the quality of environment in its various aspects, standards for emission or discharge of environmental pollutants from various sources and to restrict areas in which operations or processes cannot be carried out or shall be carried out subject to certain safeguards. In case of offences by companies, the person who was in charge at the time of the commission of the offence shall be deemed to be guilty.

2. Water (Prevention and Control of Pollution) Act, 1974 (the “Water Act”)

The Water Act prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board (SPCB). The Water Act also provides that the consent of the SPCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 requires a person carrying on any industry to pay a cess in this regard. The person in charge is to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

3. Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)

Air Act under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any mining activity. The SPCB is required to grant consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

4. The Hazardous Wastes (Management and Handling) Rules, 1989 (the “Hazardous Wastes Rules”)

The Hazardous Wastes Rules provides for control and regulation of hazardous wastes as defined under the Rules discharged by the operations of undertakings. Prior consent of the Pollution Control Board must be obtained for any new outlet or unit, likely to discharge sewage or effluent.

5. Public Liability Insurance Act, 1991 (the “PLI Act”)

The Public Liability Insurance Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Insurance Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

C. TAX RELATED LEGISLATIONS

1. Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic /Foreign Company whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax Return for every Previous Year by 30th September of the Assessment Year .Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

2. Central Sales Tax Act, 1956

In accordance with the Central Sales Tax Act, every dealer registered under the Act shall be required to furnish a return in Form I (monthly/ quarterly/ annually) as required by the State Sale Tax laws of the assessing authority together with treasury challan or bank receipt in token of the payment of taxes due.

3. Value Added Tax, 2005

Value Added Tax (VAT) is charged by laws enacted by each State on sale of goods affected in the relevant States. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is not chargeable on the value of services which do not involve a transfer of goods. Periodical returns are required to be filed with the VAT Department of the respective States by the Company.

4. Central Excise Act, 1944

In accordance with the Central Excise Act & Central Excise Rules, every person who produces or manufactures any excisable goods is required to get itself registered with the Jurisdictional Deputy or Assistant Commissioner of Central Excise. Further the provisions of the Central Excise Rules provide that the manufacturer of final products (other than SSI's) shall submit the duty on goods removed from the factory or warehouse during the month by the fifth day of following month. Also a Monthly Return in Form ER1 is required to be submitted to the Superintendent of Central Excise within 10 days after the close of the month.

5. Service Tax

Service tax is charged on taxable services as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from a service recipient and pay such tax to the Government. In accordance with Rule 6 of Service tax Rules the assesses is required to pay Service tax in TR 6 challan by fifth of the month immediately following the month to which it relates. Further under Rule 7 (1) of Service Tax Rules, the company is required to file a half yearly return in Form ST 3 by twenty fifth of the month immediately following the half year to which the return relates.

D. REGULATIONS OF IMPORTS & EXPORTS

Quantitative restrictions on imports into India were removed with effect from April 1, 2001, as per India's World Trade Organization ("WTO") obligations, and imports of capital goods and automotive components were placed under the open general license category.

1. Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get itself registered and obtain an IEC (Importer Exporter Code).

2. Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.

3. Foreign Trade (Development and Regulation) Act, 1992 ("FTA")

FTA seeks to increase foreign trade by regulating the imports and exports to and from India. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

4. Foreign Trade Policy

Under the FTA, the Central Government is empowered to periodically formulate the Export Import Policy ("EXIM Policy") and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The current EXIM Policy covers the period from 2009-2014. The iron and steel industry has been extended various schemes for promotion of export of finished goods and import of inputs. Duty Entitlement Pass Book (DEPB) Scheme has been extended up to September 2011.

The Duty exemption Scheme enables duty free imports of inputs required for production of export products by obtaining Advance license (AL)

The Duty Remission Scheme enables post export replenishment/ remission of duty on inputs used in the export product. This scheme consists of Duty Free Remission Certificate (DFRC) and Duty Entitlement Pass Book (DEPB)

While DFRC enables duty free replenishment of inputs used for manufacturing of export products, under DEPB Scheme, exporters on the basis of notified entitled rates are granted duty credit, which would entitle them to import goods except Capital Goods, without duty. The current DEPB rates for saleable products to be manufactured by us are ranging from 2% to 6%.

The imports of inputs under AL and DFRC for the products exported by the company are subject to Input and Output norms as prescribed in EXIM Policy.

EPCG Scheme allows imports of capital goods at 0% duty subject to export obligation which is linked to the amount of duty saved at the time of import of such capital Goods as per the provisions of EXIM Policy.

E. REGULATIONS REGARDING FOREIGN INVESTMENT

The new industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequent industrial policy reforms relaxed the industrial licensing requirements and restrictions on foreign investment.

Foreign investment in India is governed primarily by the provisions of the FEMA and the rules, regulations and notifications thereunder, read with the presently applicable Consolidated FDI Policy (effective from October 1, 2011 to March 30, 2012) as issued by the Department of Industrial Policy and Promotion, ("**DIPP**").

The RBI, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended ("**FEMA Regulations**") to prohibit, restrict, regulate, transfer by, or issue of security, to a person resident outside India.

At present, investments in manufacturing companies fall under the RBI automatic approval route for foreign direct investment up to 100%.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on February 15, 2011 under the Companies Act, 1956 upon conversion of partnership firm M/s Ambika Forgings into the company under the provision of part IX of the company's act 1956. We received Certificate of Incorporation dated February 15, 2011 from the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh and the Certificate of Commencement of Business is dated March 3, 2011. The Corporate Identification Number of our Company is U27300PB2011PLC034689. We started our Business as a Partnership firm vide partnership deed executed on May 27, 1975 in the name and style of Ambika Forgings by setting up a Hand Tools manufacturing unit at Jalandhar for manufacturing & export of Hand Tools and allied products. The said deed was modified on April 29, 1977 vide which the share of partners was changed with effect from April 1, 1977. The firm was reconstituted on April 01, 1991, 1st January 1999, 13th May, 1999 and again on April 1, 2001. As on April 01, 2001 Mr. Gian Parkash Bhandari, Mr Saurabh Bhandari & Mrs. Neelam Bhandari were the partners of the firm. The firm was further reconstituted on April 01, 2010 with the induction of Ms. Milli Bhandari, Ms. Richa Kochhar, Mr. Puneet Kochhar & Mr. R.S.Goel as new partners. The partners vide unanimous resolution dated 14 December 2010 and as well as vide modified partnership Deed dated 14 December, 2010 expressed their desire to get this firm registered as a joint stock company within the meaning of section 566 of the Companies Act, 1956 as a public company limited by shares under the provisions of part IX of the Companies Act, 1956.

The Registered Office of our Company is situated at 11th Mile Stone, VPO-Mand, Kapurthala Road, Jalandhar – 144001, Punjab. There are no changes in the registered office of our Company since incorporation.

Our Company is not operating under any injunction or restraining order and is not a sick company.

Our Company has 7 shareholders as on the date of filing of the Draft Red Herring Prospectus with SEBI.

Key Events and Mile Stones

Year	Key Events / Milestone / Achievements
1975	Set up of Partnership Firm 'Ambika Forging' and subsequent set up of Hand tools manufacturing plant at Jalandhar for export of hand tools.
1999	Reconstitution of the partnership firm Setting up of manufacturing facility for Hand Tools at Jalandhar
2002	All India Trophy for highest exporters in the category of exporters to new / difficult markets during 1999-2000 by EEPCINDIA
2007	Awarded shield for Export Excellence (Northern Region) for Star performer as Small enterprise in the product group of Hand Tools during the year 2004-05 by EEPCINDIA
2008	Award for excellence in productivity, Quality, Innovation & Management by "Institute of Economic Studies" at New Delhi
2010	Commencement of manufacturing operations at factory at Sansarpur, District Kangra, HP Awarded shield for Export Excellence (Northern Region) for star performer as small enterprise in Product group of Hand tools during the year 2007-08 by EEPCINDIA
2011	Awarded shield for export Excellence (Northern Region) for Star Performer as Medium Enterprise in Product Group of Domestic Metal Products during the year 2008-09 by EEPCINDIA
2011	The conversion of erstwhile firm M/s Ambika Forgings into our company

Our Main Objects

The main objects of our Company as set forth in the Memorandum of Association of the Company are as follows:

1. To carry on the business of Manufacturers, Traders, Importers & Exporters of Hand Tools, Machine Tools & Machinery Parts, Steel, Pig Iron, Castings, Forging, Fabrication Jobs, engineering goods etc.
2. To establish and maintain factories for the manufacture of Agricultural Tools and Implements, Cycle Parts and Auto Mobile Parts of all kinds, Forgings, Castings, Fabrication of goods as per sample.
3. To carry on in India or elsewhere the business of iron founders, mechanical engineers, manufacturers of machinery of all kinds, brass founders, metal workers, boiler makers mill iron and steel converters, smiths,

wood-workers, builders metallurgists, and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock and hardware's of all kinds.

4. To carry on the business of manufacturers, importers & Exporters of and dealers in forging press, bolts & nuts, rivets, washers, wire nails, screws, hook bolts, tower bolts, & die press work of all kinds, rods, bars, wires, sheets and all kinds of ferrous and non-ferrous rolling work, tea garden and colliery requisites of all kinds.

The objects of the Memorandum of Association of our Company enable us to undertake activities for which the funds are being raised through this Issue. The existing activities of our Company are in accordance with the Object Clause of our Memorandum of Association.

Changes in the Memorandum of Association since incorporation:

Date of Alteration	Nature of Alteration
June 01, 2011	Increase in Authorised Capital from ₹ 1000 Lakhs to ₹ 1500 Lakhs
August 27, 2012	Change in the Object clause III of the Memorandum of Association to enable Company to utilize surplus funds by investment in securities

Acquisitions & Mergers

There has been no acquisition of business or merger in our Company since incorporation.

Our Subsidiaries

We have no subsidiary of our Company as on date of filing of the Draft Red Herring Prospectus.

Injunction or Restraint Order

Our Company is not operating under any injunction or restraint order.

There has been no change in the activity of our Company since incorporation

For details relating to the business and operations of the Company, please refer section "Our Business" on page 63 of the Draft Red Herring Prospectus.

Shareholders Agreement

We have not entered into any shareholders agreement as on the date of filing of Draft Red Herring Prospectus.

Non Compete Agreement

We have not entered into any Non-compete Agreement.

Other Agreements

Except as disclosed in the Draft Red Herring Prospectus, there is no material agreement, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us and entered in to more than two years before the date of filing of the Draft Red Herring Prospectus.

Joint Venture

As on the date of filing of the Draft Red Herring Prospectus, we have not entered into any joint venture agreement.

Strategic Partners

As on the date of filing of the Draft Red Herring Prospectus, we do not have any Strategic Partners.

Financial Partners

As on the date of filing the Draft Red Herring Prospectus, we do not have any other financial partners.

OUR MANAGEMENT

Our Company functions under the control of Board of Directors. The day to day affairs of our Company are looked after by qualified key personnel under the supervision of Mr. Gian Parkash Bhandari, Executive Chairman and Mr. Saurabh Bhandari, Managing Director. Presently we have 6 Directors on our Board including three independent directors. The constitution of our Board is as under:

Sr. No.	Name, Designation, Father's Name, Address, occupation	Nationality	Age (in Years)	Date of appointment	Other Directorships / partnership in other entities
1.	Mr. Gian Parkash Bhandari Executive Chairman S/o. Late Shri Mool Raj Bhandari 670, Mall Road, Model Town, Jalandhar - 144 001, Punjab Occupation: Business Term: 5 years DIN: 01609437	Indian	59	15/02/2011 Appointed Managing Director w.e.f 01/03/2011 Reappointed on 01/02/2012 as Executive Chairman	<ul style="list-style-type: none"> Indian Tools Technology Centre G B Medicare Private Limited M/s Ambika Builders M/s JVG Enterprises
2.	Mr. Saurabh Bhandari Managing Director S/o. Mr.. Gian Parkash Bhandari 670, Mall Road, Model Town, Jalandhar - 144 001, Punjab Term: 5 years Occupation: Business DIN: 01608942	Indian	31	15/02/2011 Appointed Managing Director on 01/02/2012	<ul style="list-style-type: none"> G B Medicare Private Limited M/s JVG Enterprises
3.	Mrs. Neelam Bhandari Non Executive Director W/o. Mr. Gian Parkash Bhandari 670, Mall Road, Model Town, Jalandhar - 144 001, Punjab Term: Retire by rotation Occupation: Business DIN: 01371584	Indian	56	28/10/2011 as director	<ul style="list-style-type: none"> SNB Engineering Private Limited
4.	Mr. Harsh Wardhan Bhatnagar Independent Director, S/o. Mr. Sukh Lal Bhatnagar, A-152A, Sushant Lok – I, Gurgaon, Haryana – 122002 Term: Retire by rotation Occupation: Consultant DIN: 01317848	Indian	67	18/08/2011 as Independent Director	<ul style="list-style-type: none"> BHR Technopower Engineers and Consultants Private Limited Deneb And Pollux Tours And Travels Private Limited Deneb And Pollux Hotels Private Limited Deneb And Pollux Aviation Private Limited
5.	Mr. Manmohan Singh Kapur Independent Director S/o. Mr. Balwant Singh Kapur Klasse / 1/401, Eldeo Utopia Sector 93A, Expressway, Noida, Uttar Pradesh – 201304 Term: Retire by Rotation Occupation: Consultant DIN: 00703815	Indian	66	18/08/2011 as Independent Director	<ul style="list-style-type: none"> International Space And Infrastructure Deliveries Private Limited Corporate Ispat Alloys Limited Broadcast Initiatives Limited The Lake Shore Palace Hotel Private Limited CHD Developers Limited Shakti Bhog Foods Limited United Breweries (Holdings) Limited

Sr. No.	Name, Designation, Father's Name, Address, occupation	Nationality	Age (in Years)	Date of appointment	Other Directorships / partnership in other entities
					<ul style="list-style-type: none"> • Sri Adhikari Brothers Television Network Limited • Precision Pipes And Profiles Company Limited • Emco Energy Limited • Kingfisher Airlines Limited
6.	Dr. Yash Kumar Sharma Independent Director S/o. Sh. Vishwa Mitter Sharma 9A, Vijay Nagar, Nr. Football Chowk, Jalandhar - 144 001, Punjab Term: Retire by Rotation Occupation: Medical Consultant DIN: 02903347	Indian	54	28/10/2011 as Independent Director	NIL

Brief Profile of Directors

Mr. Gian Parkash Bhandari, aged 59 years, is our founder and executive chairman. He is Graduate and has 37 years of experience in the Manufacturing and Export of Hand Tools & allied industry. He has been associated with the development of the Hand Tools industry in India since 1975 when he joined M/S Ambika Forging as a partner which has been a leading manufacturer & exporter of Hand Tools in the Country. Since February 2011 on conversion of firm into our Company, he has been a whole time Director. Mr. Bhandari has widely travelled all over the world in connection of promotion of business. Under his leadership our company has been successful in developing market for our products internationally and has received various export excellence awards for export from Engineering Export Promotion Council. He is responsible for the overall management and supervision of the business of our Company.

Mr. Saurabh Bhandari, aged 31 years, is our Managing Director. He is an under graduate and has over a decade of practical experience in the Hand Tools Manufacturing industry. He is instrumental in the growth of our domestic business and has created an all India network of distributors. With his efforts our domestic sales have increased over 50% of our total sales in FY 2012.

Mrs. Neelam Bhandari, aged 56 years, is under graduate and has 25 years of experience in the Manufacturing and Export of Hand Tools Industrial Sector.

Mr. Harsh Wardhan Bhatnagar, aged 67 years, is a non-executive independent director of our company and BE from IIT Roorkee. He has experience of over 45 years in Engineering & Power sector and worked in various position in BHEL for 38 years since May 1967 to February 2005. He was Director (Industrial Systems and Products) from October 2000 to February 2004. Thereafter he became the Chairman and Managing Director of Bharat Heavy Electricals Limited (BHEL) till February 2005. He has also served as non-official part time Director in Bharat Dynamics Limited, a Government of India enterprise (Ministry of Defence) from October 2006 till September 2009. Currently he is the CMD of BHR Technopower Engineers & Consultants Private Limited, a company engaged in consultancy in the field of power Generation/Power generation equipments etc.

Mr. Manmohan Singh Kapur, aged 66 years, non-executive independent director of our company is Masters of Arts. He has more than 37 years of Banking experience in 5 public sector Banks serving at various senior positions. During his career he served in various positions in Punjab & Sind Bank and as Chief Vigilance Officer with Union Bank of India & Indian Overseas Bank. Thereafter he served as Executive Director of Syndicate Bank. He retired as Chairman & Managing Director of Vijaya Bank in March 2008. He was also appointed Independent Director by Government of India on the Board of Bharat Dynamics Limited. Presently he is on Board of Directors of various companies and member of various Industry Associations and social organizations.

Mr. Yash Kumar Sharma, aged 54 years, non-executive independent director of our company. He is a MBBS and MS and has more than 30 years of experience as a practicing doctor. He has in the past served as the president of Indian Medical Association (IMA) Punjab, Member Punjab Medical Counsel and as president of North West Zone association of ENT Surgeon. Currently he is serving as a consultant in Central Hospital, Jalandhar.

Relationship between directors

Except Mr. Gian Parkash Bhandari, Mr. Saurabh Bhandari and Mrs. Neelam Bhandari, no Director is a relative of any other Director. Mr. Gian Parkash Bhandari is father of Mr. Saurabh Bhandari and Mrs. Neelam Bhandari.

Confirmation: We confirm that

- none of our Directors, have held or are holding directorships in any listed company during the period of 5 years preceding date of filing of the Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE and / or the NSE or whose shares have been or were delisted from the stock exchange(s).
- we have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which our Director were selected as Director or member of senior Management.
- the service conditions of appointment of our Managing Director/Whole time Directors does not provide for any benefit upon termination of employment except the retirement benefits payable to them as Provident Fund, Superannuation and Gratuity as per the policies of our Company.

Borrowing powers

Our Company has passed the resolution in the extra ordinary general meeting of the members held on August 29, 2011 authorizing the Board of Directors of our Company to borrow from time to time all such money as they may deem necessary for the purpose of business of our Company notwithstanding that money borrowed by our Company together with the monies already borrowed by our Company may exceed the aggregate of the paid up share capital and free reserves provided that the total amount borrowed by the Board of Directors shall not exceed the sum of ₹ 8,500.00 Lacs. Further, the Board of Directors are authorized by a special resolution in the extra ordinary general meeting of the members held on August 29, 2011 to avail secured loans upto an aggregate amount of ₹ 6,000.00 Lacs within the aforesaid limit.

Remuneration of our Directors

Mr. Gian Parkash Bhandari is the Promoter Director of our Company and was appointed as Managing Director of our Company w.e.f. 15th February 2011. His designation was changed from Managing Director to Chairman cum-Whole time Director of our Company for a period of 5 years at a monthly remuneration of ₹ 3,00,000/- for 3 years with effect from 1st February 2012, vide board resolution dated 30th January, 2012 and was further approved by shareholders in our Extra Ordinary General Meeting held on 23rd February 2012.

Mr. Saurabh Bhandari is the Promoter Director of our Company and was appointed as Executive Director of our Company w.e.f. 15th February, 2011. His designation was changed from Whole time Director to Managing Director of our Company with effect from 1st February 2012 for a period of 5 years and his remuneration fixed at ₹ 2,00,000 per month for a period of 3 years, vide board resolution dated 30th January, 2012 and was further approved by shareholders in our Extra Ordinary General Meeting held on 23rd February 2012.

Sitting Fee

In terms of resolution passed by our Board of Directors on January 30, 2012, a sitting fee of ₹ 5000/- is to be paid to the Non-Executive Directors and Independent Directors for each Board Meeting and each meeting of any Committee of the board attended by them. Sitting fee paid by our Company during Financial Year 2011-12.

Name of the Director	Amount (In ₹)
Mr. Harsh Wardhan Bhatnagar	15,000
Mr. Manmohan Singh Kapur	15,000
Mr. Yash Kumar Sharma	15,000

Corporate Governance

The provisions of the Listing Agreement to be entered into with BSE and NSE with respect to corporate governance will be applicable to us immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. However Our Company has complied with the Corporate Governance requirements as per Clause 49 of the Listing Agreement. In terms of the Clause 49 of the Listing Agreement, our Company has already appointed Independent Directors and constituted the following committees of the Board:

1. Audit Committee

The Audit Committee was constituted by our Board in their meeting held on 29th October 2011 in accordance with the requirements of Section 292A of the Companies Act, 1956 to comply with the requirements under Clause 49 of the Listing Agreement. The last meeting of the Audit committee was held on 12th June 2012. The Audit Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Harsh Wardhan Bhatnagar	Member	
2.	Mr. Manmohan Singh Kapur	Member	
3.	Mr. Saurabh Bhandari	Member	

The Chairman of the audit committee will be duly elected by the members of the committee at the time of meeting. Our Company Secretary is to act as Secretary to the Audit Committee. The role of Audit Committee includes:

1. Review of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval.
5. Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit.
9. Discussions with Internal Auditors any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
12. To look in to the reasons of substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of whistle blower mechanism, in case the same is existing.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or entrusted upon by the Board.

2. Share Transfer and Shareholder's Grievance Committee

The Share Transfer and Shareholder's Grievance Committee was constituted by our Board in their meeting held on October 29, 2011 The Share Transfer and Shareholder's Grievances Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mrs. Neelam Bhandari	Member	
2.	Mr. Saurabh Bhandari	Member	
3.	Mr. Yash kumar Sharma	Member	

The Chairman of the Committee will be duly elected by the members of the committee at the time of meeting and our company secretary will be the secretary of the Committee. The role of Share Transfer and Shareholder's Grievances Committee includes:

1. To approve share transfers and transmissions.
2. To approve splitting of share certificates, consolidation of share certificates and related matters including issue of fresh share certificates in lieu of the split / consolidated matters.
3. Issue of duplicate share certificates in lieu of lost, mutilated and destroyed certificates.
4. Matters relating to dematerialization of shares and securities.
5. Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interests, non receipt of balance sheet etc in particular.

3. Remuneration Committee

The Remuneration Committee was constituted by our Board in their meeting held on October 29, 2011. The Remuneration Committee presently comprises of:

Sr. No.	Name of Member	Designation	Remarks
1.	Mr. Harsh Wardhan Bhatnagar	Member	
2.	Mr. Manmohan Singh Kapur	Member	
3.	Mr. Yash Kumar Sharma	Member	

The Chairman of the Remuneration Committee will be duly elected by the members of the committee at the time of meeting. The role of the Remuneration Committee shall include the following:

1. To review the remuneration of whole time / managing director, including annual increment and commissions, after reviewing their performance.
2. Review the remuneration policy followed by the Company, taking into consideration the performance of senior executives on certain parameters.
3. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

The last meeting of the Remuneration Committee was held on 12th June, 2012.

Interests of Directors

All of our directors may be deemed to be interested to the extent of remuneration and 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 and / or reimbursement of expenses, if any, payable to them and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our company.

The non promoter directors of our company can apply in the Issue and as such, may be regarded as interested in our Company to the extent of equity shares that may be subscribed by or allotted to them pursuant to the Issue. All the Directors may also be regarded as interested to the extent of Equity Shares already held by them or by the companies / firms / ventures promoted by them, if any, or equity shares that may be subscribed by or allotted to them pursuant to the Issue and dividend or other distributions payable to them in respect of the said Equity Shares. All directors may be deemed to be interested in the agreement / arrangements entered into or to be entered into by our company with any company in which they hold directorships or any partnership firms in which they are partners.

None of the Director has any interest in any property acquired by our Company in two years period prior to the date of Draft Red Herring Prospectus.

Except as stated above and in the section titled “Financial Statements - Related Party Disclosures” beginning on page 114 of the Draft Red Herring Prospectus, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Shareholding of our Directors

The shares held by Directors in our company as on the date of filing the Draft Red Herring Prospectus are as under:

Name of Directors	Number of shares held	% of pre-issue capital
Mr. Gian Parkash Bhandari	24,70,000	38
Mr. Saurabh Bhandari	19,50,000	30
Mrs Neelam Bhandari	19,50,000	30
Total	63,70,000	98.00

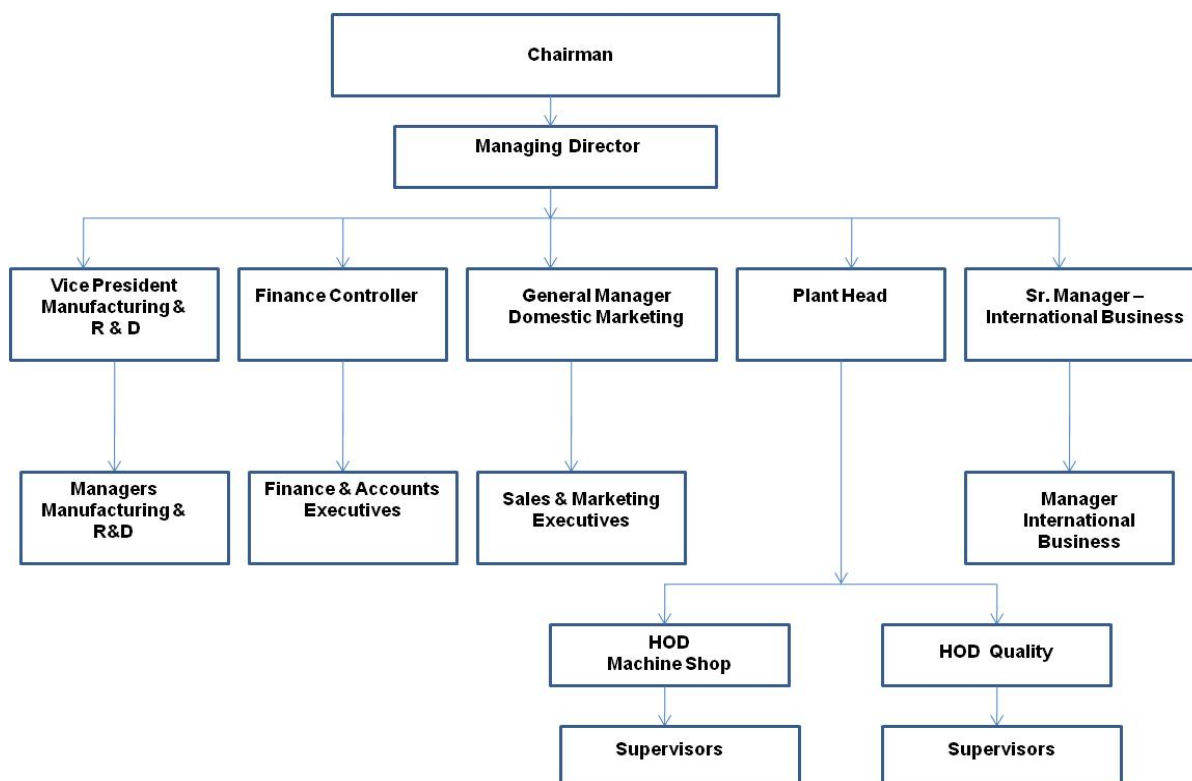
Changes in the Board of Directors of our Company since Incorporation

Except the following, there has been no change in the Board of Directors of our Company since Incorporation:

Name of Director	Date of Appointment	Date of cessation	Reason for Change
Mr. Gian Parkash Bhandari	15/02/2011	-	Appointment
Mrs. Neelam Bhandari	15/02/2011	29/08/2011	Resignation
Mrs. Neelam Bhandari	28/10/2011	-	Appointed
Mr. Saurabh Bhandari	15/02/2011	-	Appointment
Mr. Harsh Wardhan Bhatnagar	18/08/2011	-	Appointment
Mr. Manmohan Singh Kapur	18/08/2011	-	Appointment
Mr. Yash Kumar Sharma	28/10/2011	-	Appointment

Management Organization Structure

The Organization structure of the Management is as under:



Key Managerial Personnel

In addition to Mr. Gian Parkash Bhandari, Chairman and Mr. Saurabh Bhandari, Managing Director. The following are Key Managerial Personnel of our Company. All our Key Managerial Personnel are permanent employees of our Company.

Name	Designation	Age (Years)	Qualification	Total Exp.	Date of Joining *	Previous Employment
Mr. K.C.Sharma	Vice Presedent – Works	48	BE (Mechanical)	25	1993	Punj Group of Industries
Mr. Kulwinder Singh Virk	General Manager – Marketing (Domestic)	37	MBA – Marketing	13	01/01/2009	Eastman Cast & Forge Limited
L.Masilamani	Sr. Manager – International Business	41	Master in International Management	17	19/08/2009	Shiv Forgings
Mr. Rajesh Sharma	General Manager – Plant	44	Diploma in Mechanical Engineering	22	18/07/ 2011	Varindra Tools Private Limited
Mr. Ravi P.P.	HOD – Machine Shop	52	Diploma in Mechanical Engineering	28	09/08/2010	Vishal Tools & Forgings Private Limited
Mr. Bikram Singh Rana	Finance Controller	34	B.Com	14	01/02/2000	Orient Abrasives Limited
Mr. Deepak Manmohan	HOD – Quality	42	Diploma in Mechanical Engineering	20	01/11/2010	Ajay Industries

* Date of joining in our Company or the erstwhile Firm, M/s Ambika Forgings, as the case may be.

Brief profile of Key Managerial Personnel of our Company is as follows:

Mr. K C Sharma, aged 48 years, Vice President (Works), is a Mechanical Engineer from Punjab University. He is having more than 25 years of experience in manufacturing operations .He joined our organization in the year 1999 as Works Manager. Prior to joining our Company, he was working as Production Manager in Punj Group of Industries; his CTC is ₹ 7.34 Lacs per annum.

Mr. Kulwinder Singh Virk, aged 37 years, General Manager Domestic Marketing, is MBA In Marketing from Pune University. He has 12 years of experience in Marketing in the Hand Tools Induatry . He is responsible for expanding the domestic business by selecting new Distributors & Dealers for the Company’s Hand tools Product. He joined our organization in the year 2009.Prior to joining our Company he was working with Eastman Cast & Forge Limited. His CTC is ₹ 4.73 Lacs per annum

Mr. L. Masilamani, aged 42 years, Senior Manager, International Business, has completed her Masters in International Management from Pondicherry Central University. He has more than 17 years of experience in the field of International Marketing, Business Development and Overseas Market Survey. He Joined our organization in the year 2009 and he is responsible for development and expansion of International Business by identifying new markets and customers for our products. Prior to joining our Company he was working with Shiv Forgings as senior Manager, Exports. His CTC is ₹ 5.27 Lacs per annum.

Mr. Rajesh Sharma, aged 44 years, General Manager (Plant), is a Diploma holder in Mechanical Engineer. He is having more than 22 years of experience in manufacturing operations. Presently he is responsible of developing, implementing and monitoring processes. Prior to joining our Company, he was working as General Manager in Varinder Tools Private Limited. His CTC is ₹ 6.21 Lacs per annum

Mr. Ravi PP, aged 52 years, HOD Machine Shop, is a Diploma holder in Mechanical Engineer. He has more than 27 years of experience in Hand Tools manufacturing operations. He joined our organization in the year 2010 and is responsible for the management of operation of Plant. He has also worked with Taparia Tools and Vishal Tools prior to joining our organization. His CTC is ₹ 4.62 Lacs per annum

Mr. Bikram Singh Rana, aged 34 years, Finance Controller, is a Commerce Graduate. He has more than 14 years of experience in finance and Accounts related work. . He joined our organization in the year 2000. He is responsible of managing all the accounts related work of our Company. Prior to joining our Company he was working with Orient Abrasives Limited. His CTC is ₹ 3.34 Lacs per annum

Mr. Deepak Manmohan, aged 43 years, HOD-Quality, is a Mechanical engineer (Diploma). He has 20 years of experience in manufacturing operations. He Joined our organization in the year 2010. He is responsible of Quality related operations of the company. Prior to joining our organization he was working with M/s Ajay Industries. His CTC is ₹ 3.12 Lacs per annum

None of the key managerial personnel is related to each other.

Changes in Key Management Personnel since incorporation

Name	Designation	Date of Appointment	Date of Cessation
Mr. Ravi P.P.	HOD – Machine Shop	09/08/2010	-
Mr. Deepak Manmohan	HOD – Quality	01/11/2010	-
Mr. Rajesh Sharma	General Manager – Plant	18/07/2011	-

Shareholding of Key Managerial Personnel

None of the Key Managerial Personnel is holding any shares in our Company.

Interest of Key Managerial Personnel

No key Managerial Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Employee stock Option Scheme / Employee Stock Purchase Scheme

Presently, we do not have any Employee Stock Option Scheme/ employee stock Purchase Scheme

Payment or benefit to officers of our Company

Except the payment of salaries and perquisites, our Company does not make any payments to its Key Management Personals.


OUR PROMOTERS AND GROUP ENTITIES

The promoters of our Company are Mr. Gian Parkash Bhandari and Mr. Saurabh Bhandari

Mr. Gian Parkash Bhandari

	<p>Mr. Gian Parkash Bhandari, aged 59 years, Passport No. H6330380, PAN No. AAMPB9290M, is our founder and executive chairman. He is Graduate and has 37 years of experience in the Manufacturing and Export of Hand Tools & allied industry. He has been associated with the development of the Hand Tools industry in India since 1975 when he joined M/S Ambika Forging as a partner which has been a leading manufacturer & exporter of Hand Tools in the Country. Since February 2011 on conversion of firm into our Company, he has been a whole time Director. Mr. Bhandari is widely travelled all over the world in connection of promotion of business. Under his leadership our company has been successful in developing market of our products internationally and has received various export excellence awards for export from Engineering Export Promotion Council. He is responsible for the overall management and supervision of the business of our company.</p>
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Mr. Saurabh Bhandari

	<p>Mr. Saurabh Bhandari, aged 31 years, Passport No. J5936562, PAN No AEYPB4041E, is our Managing Director. He is an under graduate and has over a decade of practical experience in the Hand Tools Manufacturing industry. He is instrumental in the growth of our domestic business and has created an all India network of distributors. With his efforts our domestic sales have increased to over 50% of our total sales in FY 2012.</p>
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We confirm that the details of the permanent account numbers, passport and bank account numbers of our promoters have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Our Group Entities

Given below is the list of entities Promoted/owned by our promoters. All the Group Companies are unlisted and have not made any public issue in the preceding three years.

- GB Medicare Private Limited
- SNB Engineering Private Limited
- Indian Tools Technology Centre
- Ambika builder
- JVG Enterprises
- Ambika Exports (GP Bhandari HUF)
- VGN Aatam Educational Society

1. G B Medicare Private Limited

CIN	January 05, 2011
Date of Incorporation	U24232PB2011PTC034562
Registered Office	670, Mall Road, Model Town, Jalandhar, Punjab-144001
Main Objects	To carry on the business of manufacturers, marketing, traders, importers, exporters, distributors, dealers, retailers, commission agents of all kinds of Pharmaceutical products, Medicines, Injections, Herbal medicines, Allopathic medicines, Homoeopathic medicines, Ayurvedic medicines, feeds, supplements, medical equipments, hospital equipments, Pest control medicines.

Board of Directors and Shareholding Pattern

Name	Designation	No. of Equity Shares	% of shareholding
Mr. Gian Parkash Bhandari	Director	30,000	50.00
Mr. Saurabh Bhandari	Director	30,000	50.00
Total		60,000	100.00

Financial Performance

The audited financial results of G B Medicare Private Limited for the financial year ended March 31, 2012 are set forth below.

(₹ In Lacs)	
Particulars	March 31, 2012*
Total Income	0.00
Profit after Tax	(0.07)
Equity share capital	6.00
Reserves & Surplus (net of miscellaneous expenditure)	(0.76)
Net Worth	5.24
Book Value per share of face value ₹ 10/- each (in ₹)	8.74
Earning per share of face value ₹ 10/- each (in ₹)	(0.11)

*The Financials are for period from January 05, 2011 to March 31, 2012

2. SNB Engineering Private Limited

CIN	May 07, 2007
Date of Incorporation	U27106PB2007PTC031115
Registered Office	313, Second Floor, Prestige Chambers, Wimpy's Building, Adjoining Narinder Cinema, G.T. Road, Jalandhar
Main Objects	To set up and carry on in India or elsewhere the business of manufacturing, processing, preparing, raising, converting, refining, acquiring, buying, selling, hire, assembling, distributing and dealing in either of the own or as Commission Agents or as Stockiest in all kinds and types of light engineering goods, Steels Casing and forgings, iron and steel goods, Ferrous and Non-Ferrous Metals, Steels, Alloys, Stainless Steel, Brass Copper, Aluminum Rolling Mills, Sheets, Garden Tools, Implements, Equipment & Machinery, Fencing Garden Fountains, machinery for Amusement Park, Handtools and Machine Tools, Cutting Tools, Machinery and Machinery Parts, wire drawing and netting, drill chucks, Arc and induction Furnace, Pipes and Tubes, pipe fittings, hardware goods, Industrial goods, Foundry works of iron, Steel, Brass and other metals, Agriculture machinery and implements, valves and cocks from natural as well as synthetic resources.

Board of Directors

Mr Amit Kalra, Ms Poonam Kalra & Ms Neelam Bhandari are on the Board of SNB Engineering Private Limited.

Shareholding Pattern

Name	No. of Equity Shares	%of shareholding
Mr. Amit Kalra	3330	33.33
Mr. Gian Parkash Bhandari	3070	30.70
Mr. Saurabh Bhandari	1530	15.30
Ms Poonam Kalra	1470	14.70
Ms Neelam Bhandari	500	5.00
Ms Poonam A. Kalra	100	1.00
Total	10,000	100.00

Financial Performance

The audited financial results of SNB Engineering Private Limited for the financial year ended March 31, 2011, 2010 and 2009 are set forth below.

(₹ In Lacs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Total Income*	-	-	-
Profit after Tax	(0.06)	(0.06)	(0.03)
Equity share capital	1.00	1.00	1.00
Reserves & Surplus (net of miscellaneous expenditure)*	(0.55)	(0.49)	(0.43)
Net Worth	0.45	0.51	0.57
Book Value per share of face value ₹ 10 each (in ₹)	4.50	5.10	5.70
Earning per share of face value ₹ 10 each (in ₹)	(0.60)	(0.60)	(0.30)

*The Company has yet to start any business activity.

3. Indian Tools Technology Centre

CIN	June 28, 2010 (under Section 25 of the Companies Act, 1956)
Date of Incorporation	U73100PB2010NPL034056
Registered Office	C/o Forgings & Chemical Industries, G.T. Road, Bye Pass, Jalandhar
Main Objects	To synergize the Structuring, Designing & Engineering, Construction and Supervision in developing an integrated Common Facility Centre ("CFC") with support infrastructure for the development of Hand Tools cluster and collaborate towards achieving world-class standards of performance and efficiency and to render all services in connection thereto with no profit motive subject to laws prevailing in India. Establishing a Common Facility Centre ("CFC") containing facilities for the common use by the hand tools industry. No objects of the company will be carried out without obtaining prior approval/ no objection certificate from the concerned authority wherever required/prescribed. None of the objects of the company will be carried out on a commercial basis.

Board of Directors

Mr. Gian Parkash Bhandari, Mr. Gautam Kapoor, Mr. Man Karan Bhandari, Mr. Sukhdev Raj, Mr. Sharad Aggarwal, Mr. Jyoti Parkash Shoor, Mr. Deepak Aggarwal, Mr. Jasmit Singh Rana, Mr. Ajay Kumar, Mr. Suresh Kumar Sharma, Mr. Krishna Kumar Sinha comprises the Board of Directors of Indian Tools Technology Centre.

Shareholding Pattern

Name	No. of Equity Shares	%of shareholding
Mr. Sukhdev Raj	71,430	14.29
Mr. Jyoti Parkash	71,430	14.29
Mr. Gian Bhandari	71,428	14.29
Mr. Man Karan Bhandari	71,428	14.29
Mr. Sharad Agarwal	71,428	14.28
Mr. Ajay Kumar	71,428	14.28
Mr. Jasmit Rana	71,428	14.28
Total	500,000	100.00

Financial Performance

The audited financial results of India Tool Technology Centre for the financial year ended March 31, 2011 are set forth below.

(In Lakhs)

Particulars	March 31, 2011
Total Income	47.70
Profit after Tax	(2.66)
Equity share capital	50.00
Share Application Money	89.44
Reserves & Surplus (net of miscellaneous expenditure)*	1744.43
Net Worth (including share application money)	1883.87
Book Value per share of face value ₹ 10/- each (in ₹)	376.78
Earning per share of face value ₹ 10/- each (in ₹)	0.53

*The Reserve & Surplus account includes Capital Grant of ₹ 1748.00 Lacs from Department of Industry Policy & Promotion ("DIPP") in Financial Year 2010-11.

4. Ambika Builders

Ambika Builders is a Partnership Firm constituted on February 22, 1997 and reconstituted on February 24, 2003

Correspondence Address	14, Police Line Road, Jalandhar – 144001
Partners	Mr. Gian Parkash Bhandari and Mr. Vimal Parkash Jain
Business	Builder or any other business as agreed among the partners

Both the partners share profit & loss of the firm in equal portion at the rate of 50% each

Financial Performance

The audited financial results of Ambika Builders for the financial year ended March 31, 2011, 2010 and 2009 are set forth below.

(In Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Capital	149.62	166.24	137.20
Total Income*	45.62	41.36	40.64
Net Profit	42.55	38.90	37.74

* The major Income is on account of rent income.

5. JVG Enterprises

JVG Enterprises is a Partnership Firm constituted on April 01, 2003 and reconstituted on vide partnership dated April 29, 2003.

Correspondence Address	Ground Floor, 14, Police Lines Road, Jalandhar, 144001.
Partners	Mr. Amit Jain, Mr. Gian Parkash Bhandari, Mr. Saurabh Bhandari, Mr. Vimal Parkash Jain
Business	Hotel, Restaurant, Commercial Trainings

All the partners share profit & loss of the firm in equal portion at the rate of 25% each

Financial Performance

The audited financial results of JVG Enterprises for the financial year ended March 31, 2011, 2010 and 2009 are set forth below.

(In Lakhs)

Particulars	March 31, 2011	March 31, 2010	March 31, 2009
Capital	60.80	62.02	61.46
Total Income	55.80	7.00	75.50
Net Profit	(37.83)	0.58	13.03

6. G P Bhandari HUF

G P Bhandari HUF is a family HUF of Mr. Gian Bhandari who is the Karta of the HUF and the other member of the HUF is Mrs. Neelam Bhandari & Mr. Saurabh Bhandari. The HUF was conducting business of sale & purchase of Hand Tools through Proprietorship firm under the name & style of “Ambika Export”. The business has been discontinued since 31st March 2009.

Financial Performance

(in ₹ Lacs)	
Particulars	March 31, 2009
Capital	97.98
Total Income	420.50
Profit	14.27

7. VGN Aatam Educational Society (VGN)

VGN Aatam Educational Society was registered on May 20, 2011 under the Societies Registration Act, (XXI of 1860) vide Certificate of Registration No. DIC/JAL/244/2011-12 issued by Additional Registrar of Societies, Jalandhar. The Society is having its registered office at 4th floor, Ambika Tower, Police Lines Road, Jalandhar. There are 11 members of governing body with Mr. Gian Parkash Bhandari, our chairman as president of the governing body as well as of executive committee.

The object of the society is to look after, manage, control and govern the affairs of society and its institutions, schools, colleges, properties, branches etc and to establish institutes, schools, colleges and other centres of education keeping in mind the interest of public at large.

Other Confirmations

None of our Company, Promoters, Promoter Group, Directors, Group entities or any other entity with which our promoters and persons in control of our Company are associated as promoters or directors or persons in control have been prohibited or debarred from accessing or operating in the capital markets for any reasons, or restrained from buying, selling or dealing in securities, under any order or directions made by SEBI or any other authorities, and there are no violations of securities laws committed by any of them in the past or pending against them. Further no action has been taken by SEBI or any other authority against any of our promoters, promoter group, directors, any other entity with which they are associated as promoters or directors. There are no violations of securities laws committed by them in the past or pending against them.

None of our Promoters, Promoter Group, Directors, Group entities and persons in control of our Company have been declared as willful defaulters by the RBI or any other authority. None of our Group Entities has become sick company under the meaning of the Sick Industrial Companies Act, 1985, and no winding up proceedings have been initiated against them and no application has been made in respect of any of them, to the Registrar for striking off their names. Additionally, none of our Promoters or Group Entities has become defunct in the five years preceding the filing of the Draft Red Herring Prospectus.

None of our promoters have been associated as director of an entity whose shares have been suspended or delisted from any Stock Exchange(s) under any order or directions issued by SEBI/Stock Exchange(s)/other regulatory authority.

There have been no sales and purchases between Group Entities and associate companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company except as disclosed in “Financial Statements- Related Party Disclosures” on page 114.

Companies/Ventures with which our Promoters have disassociated during the last three years

Except as stated herein below, there are no other ventures/ companies/ firms from which our Promoter has disassociated as promoter during three years preceding the date of filing of the Draft Red Herring Prospectus.

Name of Promoter	Name of Company	Date of Disassociation as promoter*	Reason of Disassociation
Mr. Gian Parkash Bhandari	SNB Engineering Private Limited	01/10/2011	Resignation from Directorship
	G B Tools Limited	07/12/2012	Company Struck off by RoC under Section 560 of the Companies Act, 1956
	BGS Overseas Private Limited	28/09/2010	--Do--
	S N G Properties Private Limited	12/11/2010	--Do--
	Astha Estates Private Limited	27/01/2011	--Do--
	Ambika Tools Limited	28/09/2010	--Do--
	Rapid Object Software Solutions Limited	25/06/2011	--Do--
Mr. Saurabh Bhandari	SNB Engineering Private Limited	01/10/2011	Resignation from Directorship
	G B Tools Limited	07/12/2011	Company Struck off by RoC under Section 560 of the Companies Act
	B G S Overseas Private Limited	28/09/2010	--Do--
	Rapid Object Software Solutions Limited	25/06/2011	--Do--

Common pursuits

None of the Promoter Group Company is having business objects similar to our business except SNB Engineering Private Limited, which has not commenced any business activity so far.

Interest of Promoters

Our Promoters, Mr. Gian Parkash Bhandari & Mr. Saurabh Bhandari are also Directors in the Company and receive remuneration from the Company. For further details, see “Our Management” on page 80 of the Draft Red Herring Prospectus.

The Promoters shall be deemed as interested to the extent of the equity shares held by them or by the companies, firms, ventures promoted by them, if any, and dividend or other distributions payable to them in respect of the said equity shares. Except as stated above and in the section titled “Financial Statement-Related Party Transactions” beginning on page 114 and “Our Management” beginning on page 80 of the Draft Red Herring Prospectus and to the extent of shareholding in our company, our promoters do not have any other interest in our business.

Payment of benefits to our Promoter during the last two years

Except as stated in the section titled “Financial Statements” and “Our Management- Interest of directors” on page 95 and 84 respectively, there has been no payment of benefits to our Promoter during the last two years from the date of filing of the Draft Red Herring Prospectus.

Related Party transactions

For details of related party transactions, see the chapter titled “Financial Statements - Related Party Transactions” on page 114 of Draft Red Herring Prospectus.

Litigation

For details regarding litigation involving our Promoters, Promoter Group and ventures promoted/owned by our promoters, see the chapter titled “Outstanding Litigation and Material Development” on 148 of the Draft Red Herring Prospectus.

DIVIDEND POLICY

The declaration and payment of dividends, if any 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. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company. No dividends on Equity Shares have been declared by the Company since its incorporation.

FINANCIAL STATEMENTS

To,

The Board of Directors
G B Tools & Forgings Limited,
11th Mile Stone, VPO Mand, Kapurthala Road,
Jalandhar – 144 001

Dear Sirs,

1. We have examined the restated financial information of G B Tools & Forgings Limited ('Company') annexed to this report for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer ('IPO'). Such financial information which has been approved by the Board of Directors of the Company has been prepared in accordance with the requirements of:
 - (a) Paragraph B of Part II of Schedule II to the Companies Act, 1956 ('the Act') and
 - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations 2009, as amended ('the Regulations') issued by the Securities and Exchange Board of India ('SEBI'), as amended from time to time in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992.
2. We have examined such restated financial information taking into consideration:
 - (a) The terms of reference vide our engagement letter dated December 5, 2011 to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO; and
 - (b) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
3. The Company was incorporated on 15th February 2011 under Part IX of Companies Act, 1956. Prior to incorporation, the business was being carried on in the name & style of "Ambika Forgings" which was a Partnership firm established on 1st April, 1977. These financial statements have been extracted from the audited financial statements of the Partnership Firm for the financial years ended 31st March 2008, 31st March 2009, 31st March 2010 and for the period from 01st April, 2010 to 14th February 2011 and the audited financial statements of the Company from 15th February, 2011 to 31st March, 2011 and 01-04-2011 to 31st March 2012.
4. Further for the purpose of Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2011 by combining the financial statements of the partnership firm for the period from 1 April 2010 to 14 Feb 2011 and the financial statements of the Company for the period from 15 Feb 2011 to 31 March 2011.
5. We confirm that the audited financial statements of the Partnership Firm for the financial years ended 31st March 2008, 31st March 2009, 31st March 2010 and for the period from 01st April, 2010 to 14th February 2011 have been revised by us in the format specified by Schedule VI of the Companies Act, 1956 and are in compliance with the Accounting Standards and presents a true and fair view of the firm's accounts in compliance with Section 211 of the Companies Act, 1956.
6. In accordance with the requirements of Paragraph B of Part II of Schedule II to the Companies Act, 1956, the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Guidance Note issued in this regard by the Institute of Chartered Accountants of India, as amended from time to time, and in terms of our engagement agreed with you, we report that:

- (i) The statement of assets and liabilities of the Company, as restated, for the financial years as at 31st March 2008, 31st March 2009, 31st March 2010, 31st March 2011 and as at 31st March 2012 as set out in Annexure I to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the Significant Accounting Policies and Notes appearing in Annexure IV to this report.
 - (ii) The statement of profits and losses of the Company, as restated, for the financial years ended 31st March 2008, 31st March 2009, 31st March 2010, 31st March 2011 and 31st March 2012 as set out in Annexure II to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the Significant Accounting Policies and Notes appearing in Annexure IV to this report.
 - (iii) The statement of cash flows of the Company, as restated, for the financial years ended 31st March 2008, 31st March 2009, 31st March 2010, 31st March 2011 and 31st March, 2012 as set out in Annexure III to this report are after making adjustments and regroupings, as in our opinion, were appropriate and more fully described in the Significant Accounting Policies and Notes appearing in Annexure IV to this report.
 - (iv) Based on above, we are of the opinion that the restated financial information, prepared by the management of the Company and approved by its Board of Directors, have been made after incorporating the following:
 - (a) the impact of correction / changes in accounting policies have been adjusted with retrospective effect in the respective financial years to which they relate, to reflect the same accounting treatment as per changed / corrected accounting policy for all the reporting periods;
 - (b) material amounts relating to previous years have been adjusted in the restated financial information in the respective financial years to which they relate;
 - (c) there are no extraordinary items which need to be disclosed
 - (1) separately in the restated financial information;
 - (2) There is qualifications / emphasis in the auditors' report which requires any corrective adjustments in the restated financial statements as disclosed in Note- H of Annexure IV.
7. We have also examined the following other financial information set out in different annexures prepared by the management and approved by the board of directors relating to the company for the year ended 31st March 2008, 31st March 2009, 31st March 2010, 31st March 2011, and 31st March 2012
- (a) Statement of Related Parties Transactions as appearing in Annexure V to this report;
 - (b) Statement of Other Income as appearing in Annexure VI;
 - (c) Statement of Share Capital as appearing in Annexure VII
 - (d) Statement of Reserves and Surplus as appearing in Annexure VIII;
 - (e) Statement of Long Term Borrowings as appearing in Annexure IX;
 - (f) Statement of Short Term Borrowings, as appearing in Annexure X ;
 - (g) Statement of Provisions, as appearing in Annexure XI ;
 - (h) Statement of Loans and Advances, as appearing in Annexure XII
 - (i) Statement of Short Term other Current Assets & other Current Liabilities as appearing in Annexure XIII
 - (j) Statement of principal terms of Secured Loans and Assets Charged as Security, as appearing in Annexure XIV
 - (k) Accounting Ratios as appearing in Annexure XV to this report;
 - (l) Capitalization Statement as appearing in Annexure XVI to this report
 - (m) Statement of Tax Shelter as appearing in Annexure XVII to this report;
 - (n) Statement of Trade Receivables as appearing in Annexure XVIII to this report;
 - (o) Statement showing rates and amount of Dividend as appearing in Annexure XIX to this report.
 - (p) Statement Showing revenue from operations in Annexure XX

In our opinion, the above financial information of the Company read with Significant Accounting Policies and Notes appearing in Annexure IV to this report after making adjustments and regrouping as considered appropriate and as set out in Annexure IV to this report have been prepared in accordance

with Paragraph B, Part II of Schedule II to the Companies Act, 1956, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and the Guidance Notes issued in this regard by the Institute of Chartered Accountants, as amended from time to time, and in terms of our engagement as agreed with you.

8. This report should not in any way be construed as a re-issuance or re-drafting of any of the previous audit report by us nor should this be construed as a new opinion on any of the financial statements referred to herein.
9. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the proposed issue of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for your information and for inclusion in the offer document in connection with the proposed IPO of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Kumar Ashwani & Associates
Chartered Accountants
Firm Reg. No. 008891N

Amit Sethi
Partner
Membership No. 502521

Place: Jalandhar
Date: 01-09-2012

ANNEXURE I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lakhs)

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Non-current assets					
Fixed assets					
- Tangible assets	1,081.08	1,011.19	1,361.75	1,634.44	2,105.29
Less: Revaluation Reserve	-	-	-	-	-
Net Tangible Assets	1,081.08	1,011.19	1,361.75	1,634.44	2,105.29
- Intangible assets	7.79	11.98	13.43	8.12	9.51
- Capital work-in-progress	267.91	276.14	10.92	17.52	45.55
- Intangible assets under Development					
Non-current Investments					
Total Fixed Assets	1,356.78	1,299.31	1,386.10	1,660.08	2,160.35
Deferred tax asset (net)	-	-	-	-	-
Long-term loans and advances	28.59	34.80	36.60	49.71	52.52
Other non-current assets	-	-	-	-	17.95
Total non-current assets	1,385.37	1,334.11	1,422.70	1,709.79	2,230.82
Current assets					
Inventories	406.02	607.15	893.86	874.00	1,117.62
Trade Receivables	1,056.12	1,034.40	1,005.11	2,227.27	1,270.29
Cash and cash equivalents	61.90	243.34	86.45	67.91	128.27
Short-term loans and advances	620.05	525.01	389.48	574.12	274.48
Other current assets	248.68	206.84	220.69	323.79	623.37
Total current assets	2,392.76	2,616.74	2,595.59	4,067.10	3,414.04
Total Assets	3,778.13	3,950.85	4,018.29	5,776.89	5,644.86
Non-current liabilities					
Long-term borrowings	252.64	199.51	201.67	373.18	474.23
Deferred tax liabilities (net)	125.35	135.76	150.32	168.71	215.44
Other long term liabilities	-	-	-	-	4.84
Long-term provisions	3.95	5.70	9.00	14.79	26.01
Total non-current liabilities	381.94	340.96	360.98	556.69	720.51
Current liabilities					
Short-term borrowings	1,506.52	1,598.93	1,759.91	1,864.37	1,940.66
Trade payables	558.71	658.96	623.37	1,872.14	1,160.71
Other current liabilities	465.46	263.32	298.94	672.89	486.86
Short-term provisions	165.49	152.78	86.08	170.70	271.02
Total current liabilities	2,696.18	2,673.99	2,768.30	4,580.11	3,859.26
Total Liabilities	3,078.12	3,014.96	3,129.28	5,136.79	4,579.78
Net worth	700.02	935.89	889.01	640.10	1,065.09
Net worth represented by:					

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Shareholders' Funds					
Share capital	582.42	700.91	651.21	-	-
Equity share capital	-	-	-	650.00	650.00
Reserves and surplus					
Other Reserves	29.33	29.33	29.33	29.33	29.33
Securities premium	-	-	-	130.00	130.00
Profit and loss account	88.27	205.65	208.47	(169.24)	255.76
Less: Revaluation Reserve	-	-	-	-	-
Net worth	700.02	935.89	889.01	640.09	1,065.09

ANNEXURE II

SUMMARY STATEMENT OF PROFIT AND LOSSES AS RESTATED

(₹ in lakhs)

Particulars	For the Financial Year Ended				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
INCOME					
Revenue from operations	4,084.06	3,576.18	2439.44	5380.12	7,713.56
Other income	230.01	331.83	123.10	315.46	496.75
Total revenue	4,314.07	3,908.01	2562.53	5695.58	8,210.31
EXPENDITURE					
Cost of raw material and components consumed	2,466.58	2,212.23	1,270.49	2,444.00	3,192.30
Purchase of traded goods	73.15	322.03	226.70	1,527.02	2,944.02
Increase/ (Decrease) in inventories of finished goods and traded goods	134.90	(176.14)	(24.15)	(19.44)	(359.99)
Employee benefits expenses	260.16	320.76	245.23	353.42	507.54
Other Expenses	1,012.40	770.25	530.76	830.67	978.58
Total expenditure	3,947.18	3,449.13	2,249.04	5,135.67	7,262.44
Earnings before interest, tax, depreciation and amortization (EBITDA)	366.89	458.88	313.49	559.91	947.87
Depreciation	68.97	82.19	79.68	100.54	99.21
Earnings before interest, tax, and amortization (EBITA)	297.92	376.69	233.81	459.37	848.66
Finance charges	162.51	223.46	204.82	229.18	297.73
Profit before tax	135.42	153.23	28.99	230.19	550.93
Less: Tax expense					
Current tax	23.68	25.44	11.61	67.28	112.80
Deferred tax (credit) / charge	15.31	10.41	14.56	18.39	46.73
Total tax expense	38.99	35.85	26.17	85.67	159.53
Profit after taxation	96.43	117.38	2.82	144.52	391.40

ANNEXURE III

SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED

(₹ in lakhs)

PARTICULARS	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
A. Cash flow from Operating Activities					
Net Profit before taxation and extraordinary items	135.42	153.23	28.99	230.19	550.93
Adjustment for:					
Add: Depreciation	68.97	82.19	79.68	100.54	99.21
Add: Interest	148.48	198.61	195.07	201.12	272.93
Less: Interest Received	-	0.42	3.79	0.51	0.06
Operating Profit Before Working capital changes	352.86	433.61	299.95	531.19	923.01
Adjustment for					
Decrease / (increase) in Inventories	543.99	(201.14)	(286.71)	19.86	(243.62)
Decrease / (increase) in Trade Receivables	(633.70)	21.72	29.29	(1,222.16)	956.98
Decrease / (increase) in Short Term Loans and advances	(335.17)	95.04	135.53	(73.67)	188.67
Decrease / (increase) in Long-term loans and advances	-	(6.21)	(1.81)	(13.11)	(2.81)
Decrease / (increase) in Other Current Assets	81.86	41.84	(13.85)	(103.10)	(299.58)
Increase/ (decrease) in Trade Payables	(176.63)	100.25	(35.59)	1,248.77	(711.43)
Increase/ (decrease) in Other Long term liabilities	-	-	-	-	4.84
Increase/ (decrease) in Other Current Liabilities	286.88	(202.15)	35.62	373.95	(411.84)
Increase/ (decrease) in Long Term Provisions	1.81	1.75	3.30	5.80	11.21
Increase/ (decrease) in Short Term Provisions	25.38	(12.71)	(66.71)	170.29	117.60
Cash generated / (utilized) from Operating Activities	147.30	272.02	99.04	937.95	533.03
Net Prior Year Adjustments	-	-	-	-	21.32
Income Tax Paid	(23.68)	(25.44)	(11.61)	(67.28)	(117.80)
Net cash generated / (utilized) from Operating Activities	123.62	246.58	87.42	870.67	436.55
B. Cash flow from Investing Activities					
Purchase of Fixed Assets	(182.20)	(24.72)	(166.47)	(374.52)	(609.96)
Sale of Fixed Assets	-	-	-	-	10.48
Net (Investment)/ proceeds of advances with Related parties	(0.06)	0.00	0.00	(110.97)	110.97
Interest Earned	0.00	0.42	3.79	0.51	0.06
Net cash utilized in Investing Activities	(182.26)	(24.30)	(162.67)	(484.98)	(488.45)

PARTICULARS	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
C. Cash from Financing Activities					
Proceeds from issue of Share Capital/Net of Infusion or withdrawal of Partners capital	99.06	118.49	(49.70)	(609.10)	-
Expenses incurred for IPO	-	-	-	-	(17.95)
Increase in Share Premium	-	-	-	130.00	0.00
(Repayments) / proceeds of long term borrowings	119.93	39.29	163.14	275.98	403.14
Interest paid on Loans	(148.48)	(198.61)	(195.07)	(201.12)	(272.93)
Net cash generated from / (utilised in) financing activities	70.51	(40.84)	(81.64)	(404.24)	112.26
Net increase/(decrease) in cash and cash equivalents	11.87	181.43	(156.89)	(18.54)	60.36
Cash and cash equivalents at beginning of period	50.03	61.90	243.34	86.45	67.91
Cash and cash equivalents at end of period	61.90	243.34	86.45	67.91	128.27

1. The above statement should be read in conjunction with the significant accounting policies and notes on adjustments for Restated Summary Statements in Annexure.
2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended).

ANNEXURE IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES AND STATEMENT OF PROFITS AND LOSSES FOR THE YEARS ENDED MARCH 31, 2008, 2009, 2010, 2011, 2012, AS RESTATED

A. Background:

- a) The Company was incorporated on 15th February 2011 under Part IX of Companies Act, 1956. Prior to incorporation, the business was being carried on in the name & style of “Ambika Forgings” which was a Partnership firm established on 1ST April 1977 and reconstituted from time to time. These financial statements have been extracted from the audited financial statements of the Partnership Firm for the financial years ended 31st March 2008, 31st March 2009, 31st March 2010 and for the period from 01st April, 2010 to 14th February 2011 and the audited financial statements of the Company from 15th February, 2011 to 31st March, 2011 and 01-04-2011 to 31st March 2012.
- b) We confirm that the audited financial statements of the Partnership Firm for the financial years ended 31st March 2008, 31st March 2009, 31st March 2010 and for the period from 01st April, 2010 to 14th February 2011 have been revised by us in the format specified by Schedule VI of the Companies Act, 1956 and are in compliance with the Accounting Standards and presents a true and fair view of the firm’s accounts in compliance with Section 211 of the Companies Act, 1956.

B. Significant Accounting Policies

1. Basis of Accounting:

The financial statements are prepared under historical cost convention on accrual basis and in accordance with the requirement of the Companies Act, 1956 and in compliance with the applicable Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the said Act. The accounting policies, except otherwise stated, have been consistently applied by the Company.

2. Use of Estimates

The preparation of financial statements is in conformity with the Generally Accepted Accounting Principles (GAAP), which requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statements and the reportable amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

3. Revenue Recognition

- a) Revenue from sale is recognized when the significant risk and rewards in respect of ownership of the goods are transferred to customer and are stated at net of Sales Tax, VAT, Excise Duty, Trade Discounts and returns/ rejections. However, to comply with Accounting Standard AS-9, company has decided to makes adjustment of Goods in Transit in the Financial Statement prepared at the end of financial year. Further, when goods are sold (Export Sales) on “CIF” term basis, company recognize revenue at the time when Delivery of goods has been taken by the Buyer from the Port of destination.

Export Incentives are accounted on accrual basis.

Interest Incomes are recognized on accrual basis.

4. Fixed Assets, Capital Work in Progress and Intangible Assets

- a. Fixed Assets are stated at Cost less Accumulated Depreciation and Impairment Losses, (if any).
- b. Intangible assets are recognized only when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of such assets can be measured reliably. Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. All costs relating to the acquisition are capitalized.

- c. Cost comprises the cost of acquisition / purchase price inclusive of duties, taxes, incidental expenses, erection / commissioning expenses, etc. up to the date the asset is ready for its intended use. Credit of duty, if availed, is adjusted in the acquisition cost of the respective fixed assets.
 - d. Capital Work-in-Progress is carried at cost, comprising direct cost, related incidental expenses to the extent attributed to them. However, interest paid on Term Loan taken for construction of building has been debited to Profit & Loss Account i.e. Interest paid during construction period has not been capitalised.
- 5. Depreciation on Fixed Assets and Amortization:**
Depreciation on fixed assets is applied on straight-line basis as per the rates and manner specified in the Schedule XIV of the Companies Act, 1956, on pro rata basis.
- 6. Impairment of assets**
In accordance with Accounting Standard 28-'Impairment of Assets', where there is an indication of impairment in any of the Company's asset, the carrying amounts of the Company's material assets and/or cash generating unit are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the asset (or where applicable, that of the cash generating unit which the asset belongs) is estimated as the higher of its net selling price and its value in use.
- An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. An impairment loss is recognized in the profit and loss account.
- Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.
- 7. Borrowing Cost**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of Assets. Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which it was incurred.
- 8. Investments:**
Current investments are stated at lower of cost and fair market value. Long-term investments are valued at their acquisition cost. The provision for any diminution in the value of long- term investments is made, only if, such a decline is other than temporary.
- 9. Inventories**
Raw materials are valued at lower of Cost and Net Realizable Value.
- Finished goods are valued at lower of Cost (raw material and appropriate proportion of overheads) and Net Realizable Value.
- Goods held for Resale are valued at lower of cost and net realizable value.
- Costs of inventories are determined on First in First out ('FIFO') basis in the ordinary course of business. Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- 10. Foreign Currency Transactions:**
- a. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions for Expenses incurred. However Export Sales are recorded at Custom Rate fixed on monthly basis by Custom Department.
 - b. Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items that are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Any profit or loss arising on

cancellation or renewal of forward exchange contracts are recognized as income or as expenses for the year.

- c. Non-monetary items, if any, are carried at cost.
- d. Any income or expense on account of exchange difference either on settlement or on translation is recognized and is reflected separately in the Profit & Loss Account.

11. Taxations

Current Tax:

Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax:

Deferred Tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income & accounting income computed for the current accounting year and reversal of earlier years' timing difference.

Deferred Tax Assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses, which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) Credit:

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

12. Employee Benefits

Defined Benefit Plan:

Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each year. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.

Defined Contribution Plan:

The Company's contribution to Employee's State Insurance Scheme, Provident Fund, and Family Pension Fund are deposited with the Regional Provident Fund Commissioner and is charged to Profit & Loss Account every year on due basis.

13. Leases

Assets taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Operating lease payments are recognized as expenses in the profit and loss account on a straight-line basis over the lease term.

14. Cash Flow Statement

Cash flows are reported using the indirect method, whereby a profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

15. Earning Per Share

Earning Per Share (EPS) is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the Weighted Average Number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earning per Share, the Net Profit or Loss for the period attributable to equity shareholders is divided by the Weighted Average Number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

16. Miscellaneous Expenditure

Share issue expenses will be adjusted from Securities Premium Account at the time of issue of respective Shares. However IPO Expenses incurred upto 31.03.2012 are shown under the head "Other Non Current Assets" in the Financial Statement.

17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

C. Notes on adjustments:**1. Sales Reversal on account of AS-9:**

Being a partnership firm prior to 15th Feb 2011, the Company had been adopting the policy of sales recognition as soon as the material was dispatched from the factory gate. However, this policy has been changed to recognize sales at the time when significant risks and rewards in respect of ownership of the goods are transferred to the customer to comply with AS-9 "Revenue Recognition" issued by ICAI from the financial year 2011-12.

2. Provision for Gratuity:

Being a partnership firm prior to 15th Feb 2011, the Company was not adopting revised AS- 15 "Employee Benefits" issued by ICAI. However, the impact of said accounting standard has been calculated and effect has been given in the respective financial years in restated profit & loss account. Further the company has been following this accounting standard from financial year 2011-12.

3. Depreciation:

Prior to incorporation of Company, the firm was calculating the depreciation in accordance with Income Tax Laws and was not charging the depreciation to profit & loss account. Since incorporation i.e. from 15th February 2011 the company is charging Depreciation in Profit and Loss Account as per schedule XIV of Companies Act 1956. However, the impact of depreciation as calculated under straight line method in accordance with the rates provided under schedule XIV of Companies Act, 1956 has been adjusted in restated profit & loss account.

4. Foreign Exchange Gain/ Loss on Restatement

The Debtors have been restated in accordance with AS-11 "The Effects of Changes in Foreign Exchange Rates" and the impact have been given in the restated profit & loss account for years ended 31st March 2008, 31st March 2009, 31st March 2010 and 31st March 2011. For the Financial Year 2011-2012 the company is following the AS-11.

5. Provision for Income Tax:

Being a partnership firm, the tax expenditure was not charged to the Profit & Loss Account and being routed through the partners' capital accounts prior to 15th Feb 2011. However, the same has now been charged to the profit & loss account, as restated.

6. Provision for Deferred Tax

There was no provision for deferred tax prior to 15th Feb 2011 due to non-applicability of AS-22 "Accounting for Taxes on Income" issued by ICAI. The provision has now been calculated and adjusted in profit & loss account, as restated. Further the company has calculated the provision for deferred tax for the financial year ended as on 31st March 2012.

D. Impact of changes in the Accounting Policies, Material Adjustments and Prior Period Items and the adjustments made on account of revision of the audited accounts of the partnership firm in the prescribed format as per the Revised Schedule VI of the Companies Act, 1956:

The Company has been converted to a public limited company w.e.f. 15 February 2011. As the Company was a partnership firm till 14 February, 2011, the Management has recast the financial statements of the partnership accounts to Performa accounts in the form required under schedule VI of the Companies Act for the purpose of Restated Financial Statements. Further for the purpose of Restated Financial Statements, the Management has prepared proforma accounts for the year ended 31 March 2011 by combining the financial statements of the partnership firm for the period from 1 April 2011 to 14 February 2011 and the financial statements of the Company for the period from 15 February 2011 to 31 March 2011.

Summary of results of restatements made in the audited financial statements of the Company for the respective years and their impact on the profit and losses and assets and liabilities of the Company is as under. These adjustments are carried out on proforma basis and accounting entries for the same are not passed in books of accounts.

Impact on Assets & Liabilities (cumulative)

(₹ in lakhs)

	Particulars	As at				
		31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
A	Tangible Assets	(267.00)	(349.19)	(428.86)	-	-
	Less: Revaluation Reserve	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	(267.00)	(349.19)	(428.86)	-	-
B	Current Assets, Loan and Advances					
	Inventories of Stock	(126.08)	(165.81)	54.44	85.79	(219.43)
	Trade Receivables	171.54	230.85	(78.45)	(108.02)	277.76
	Total Current Assets	45.46	65.04	(24.01)	(22.23)	58.33
C	Total Assets (A+B)	(221.54)	(284.15)	(452.88)	(22.23)	58.33
D	Liabilities and Provisions					
	Current Liabilities & Provisions					
	Long Term Provisions	3.95	5.70	9.00	14.79	-
	Short Term Provisions	23.68	25.44	11.61	17.28	-
	Net Deferred Tax Liability	125.35	135.76	150.32	168.71	168.71
	Total Liabilities & Provisions	152.98	166.90	170.93	200.78	168.71
E	Net Worth (C-D)	(374.52)	(451.05)	(623.80)	(223.01)	(110.38)
F	Represented by Shareholders					
	Share Capital					
	Reserve and Surplus					
	Profit & Loss A/c	(374.52)	(451.05)	(623.80)	(223.01)	(110.38)
	Less: Revaluation Reserve	-	-	-	-	-
	Reserve Net of Revaluation Reserve	(374.52)	(451.05)	(623.80)	(223.01)	(110.38)
	Less: Miscellaneous Expenditure to the extent not written off	-	-	-	-	-
G	Net Worth	(374.52)	(451.05)	(623.80)	(223.01)	(110.38)

Impact on Profits / Losses (non-cumulative)

Summary of results of restatements made in audited financial statements of the Company for the respective years and their impact on the profits of the Company is as under:

(₹ in lakhs)

Particulars	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Net Profit/ (Loss) as per Audited Profit & Loss Account	178.55	176.52	162.05	202.60	317.37
Less: Impact of sale reversal due to adoption of AS-9 (refer note C (1))	(41.07)	(38.97)	18.40	21.31	(58.33)
Less: Provision for Gratuity	1.81	1.75	3.30	5.80	--
Less: Depreciation	68.97	82.19	79.68	-	-
Add: Foreign Exchange Gain/ (Loss) on restatement	(13.42)	21.68	(31.68)	4.70	0.91
Less: Provision for Income Tax	23.68	25.44	11.61	17.28	-
Less: Provision for Deferred Tax	15.31	10.41	14.56	18.39	-
Add : Gratuity fund contributions upto last years in Balance Sheet					14.79
Net Profit/ (Loss) as per Restated Profit & Loss Account	96.43	117.38	2.82	144.52	391.40

Statement of Profit & Loss Appropriation A/c

(₹ in lakhs)

Particulars	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Net Profit After Tax and Extraordinary Items, as Restated	96.43	117.38	2.82	144.52	391.40
Add:- Surplus b/f from Previous Year	(8.16)	88.27	205.65		(169.24)
Less Adj DTL/DTA opening				(150.32)	
Less: Transfer to Share Premium A/c				(130.00)	
Less: Transfer to Partners Capital A/c				(18.81)	
Less: Adjustment of opening Gratuity payable				(9.00)	
Add: Adj of Goods in Transit & Exchange Diff opening				(5.62)	21.32
Add:- Short Provision of Income Tax					12.28
Balance Carried to Balance Sheet	88.27	205.65	208.47	(169.24)	255.76

F. Material Regroupings:

Appropriate adjustments have been made in the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Losses Account and Restated Cash Flows, wherever required, by a reclassification of the corresponding items of Income, Expenses, Assets, Liabilities, Cash Flows and figures of the Notes to the Accounts in order to bring them in line with the groupings as per the audited financials of the Company for the year ended March 31, 2012. The material regroupings made in the Statement of Assets and Liabilities, as restated, and the Statement of Profit and Losses, as restated are:

Sales: As required by the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, for the purpose of this statement sales of goods manufactured, Sale of traded goods and Scrap Sale have been separately disclosed which have been derived by aggregating the quantities of the manufactured products sold and the yearly average net realizable value of the respective products.

G. Contingent Liabilities:

- Company has given Guarantees of ₹ 5 Crores on behalf of Managing Director Sh Saurabh Bhandari on loan taken by him as per explanation given to us by the management. However, as per loan document / Board Resolution produced before us, the Company is Co-borrower.
- Income Tax liabilities not acknowledged as debt.

f) Following are the claims against the company for which Appeals have been made:

(₹ in lakhs)

Particulars	2008	2009	2010	2011	2012
Income tax	2.39	5.15	7.54	7.54	7.54
Excise & Customs	22.08	22.08	22.08	22.08	22.08
Labour Deptt.	-	-	-	6.12	6.12

Note: For the AY 2010-11 under the Income tax Act, assessment has not been completed till date.

H. Audit Qualifications/ Emphasis under CARO, 2003:

- The Company has given Guarantees of ₹ 5 Crores on behalf of Managing Director Sh Saurabh Bhandari on loan taken by him for purchase of Residential House in violation of Section 295 of the Companies Act, 1956. However, as per loan document / Board Resolution produced before us, the Company is Co-borrower.
- The Company has given loans to enterprises owned or significantly influenced by KMP at the time, prior to conversion of the partnership into Company. Details are as follows:

S. No.	Name of Party	Amount (₹ Lacs)	Year
1.	Ambika Exports	27.27	2010-11
2.	JVG Enterprises	83.70	2010-11

For further details, kindly refer to the Related party Disclosures.

I. Other Notes to the Accounts:

1. Remuneration to Directors:

(₹ in lakhs)

Particulars	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Directors' Remuneration (inclusive of allowances & perquisites)	170.78	105.57	198.80	152.48	48.64
Total	170.78	105.57	198.80	152.48	48.64

Note: For the purpose of presentation of above information, withdrawals done by the Partners of Ambika Forgings in the form of salary or otherwise from 1st April 2008 to 14th Feb 2011 have been treated as Director's Remuneration. For individual director's details kindly refer to Related Party transactions.

2. Lease Obligations:

Lease arrangements, if any, where the risks and rewards incident to the ownership of assets substantially vests with the lessor, are recognized as operating leases. Lease rent under operating leases are recognized under profit and loss account on straight line basis over the lease term.

The Sansarpur Terrace land leased on the name of Ambika forgings & erstwhile partners of Ambika Forging and it formed the Asset block of the Firm, which later got converted into G B Tools & Forgings Limited. under Part IX of the Companies Act, 1956. This land now forms part of the Assets of the Company and vest into the Company vide section 575 of the Companies Act, 1956.

Land used by the Sansarpur Terrace Unit of the Company is on Lease of 95 years. The lease agreement is done with the member Secretary, SWCA (Industries), Sansarpur Terrace, Distt Kangra on 14th July 2010 for consideration of ₹ 17.50 Lacs. ₹ 5.40 Lacs was paid at the time of taking possession and Balance amount ₹ 12.10 lacs (i.e. ₹ 17.50 lacs minus ₹ 5.40 Lacs) is payable in five equal installments (i.e. ₹ 2.42 Lacs per year). Further, The Company has made a provision of Annual maintenance Charges amounting ₹ 0.22 Lacs during the Financial Year 2011-12, which is debited to Profit & Loss account under the head "Other Expenses".

Further the company has paid ₹ 3.00 lacs for another land allotted in the name of Partner Smt. Neelam Bhandari before the Conversion of partnership firm into Company, which is to be taken on lease from the member Secretary, SWCA (Industries), Sansarpur Terrace, Distt Kangra. But till date lease agreement has not been done.

3. Foreign Currency Disclosures:

a. Earnings in Foreign Currency (on accrual basis):

(₹ in lakhs)

Particulars	For the year ended 31st March				
	2008	2009	2010	2011	2012
Export of Goods	3,292.37	2,629.46	1,506.22	2,919.56	3,941.84
Add: Goods in Transit Opening	469.74	302.59	97.81	170.65	277.76
Less: Goods in Transit closing	302.59	97.81	170.65	277.76	407.95
Total A	3459.52	2834.24	1433.38	2828.35	3811.65
Other Earnings					
Interest Received	-	-	-	-	16.84
Development Charges Received	-	-	-	-	1.91
Total (B)	-	-	-	-	18.75
Total (A+B)	3459.52	2834.24	1433.38	2828.35	3830.40

b. Expenditure in Foreign Currency (on accrual basis):

(₹ in lakhs)

Particulars	For the year ended 31st March				
	2008	2009	2010	2011	2012
Import of Goods	--	320.57	45.09	73.70	75.89
Import of Capital Goods	--	16.55	--	38.53	59.00
Commission	22.80	29.28	15.45	31.66	54.81
Foreign Travel	13.53	18.49	7.73	9.21	21.46
Total	36.33	384.89	68.27	153.10	211.16

c. Foreign Currency Exposure:

Type of Exposure	As at 31st March				
	2008	2009	2010	2011	2012
Debtors -USD (in Mn)	1.72	1.09	0.59	0.97	0.59
- EURO (in Mn)	-	0.03	0.05	0.01	0.07
- INR (in Lacs)	727.86	499.55	299.80	440.55	581.84
Hedged Portion -USD (in Mn)	--	-	--	-	-
- INR (in Lacs)	--	-	--	-	-
Unhedged Portion -USD (in Mn)	1.72	1.09	0.59	0.97	0.59
- EURO (in Mn)	-	0.03	0.05	0.01	0.07
-INR (in LACSs)	736.63	499.55	299.80	440.55	581.84

Note: Above information has not been adjusted with amount of goods in transit upto 1.03.2012 and are as per Financial Statements prepared on respective date.

4. Amount due to Micro, Small and Medium Enterprises

The detail of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

Particulars	As at 31st March				
	2008	2009	2010	2011	2012
Principal amount unpaid	Refer Note below				
Interest due on above	Refer Note below				
Total					

Note:

- a) The company had not received any intimation from the suppliers regarding their status under the Micro, Small and Medium enterprise development Act 2006 and hence disclosures, if any relating to amounts unpaid as at year end together with the interest payable as required under the said Act have not been given.
- b) The above information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and is given in "Trade Payable"

5. Material or Goods lying with Third Parties

(₹ in lakhs)

Particulars	As at 31 st March				
	2008	2009	2010	2011	2012
Value of Finished Goods in transit not accounted as sales due to AS-9	302.59	97.81	170.65	277.76	407.95
Total	302.59	97.81	170.65	277.76	407.95

6. Employee Benefits**A. Defined Contribution Plans:**

The Company has recognized the following amount in the Profit & Loss Account

(₹ in lakhs)

Particulars	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Employers' Contribution to Provident Fund	9.36	13.26	10.10	13.14	23.54
Employers' Contribution to Employee State Insurance Scheme	--	5.55	5.77	7.28	10.80

B. Defined Benefit Plans:**a. Gratuity:**

The Company has a defined benefit Gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account, the funded status and the amounts recognized in the balance sheet for the Gratuity plan (as per Actuarial Valuation at the end of every year).

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

(₹ in lakhs)

Particular	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Discount Rate (per annum) (%age)	8.00	8.00	8.00	8.00	8.50
Rate of increase in Compensation Levels (%age)	5.50	5.50	5.50	5.50	6.00
Expected Rate of Return on Plan Assets (%age)	0.00	0.00	0.00	0.00	0.00
Expected Average remaining working lives of employees (years)	24.28	23.93	23.58	23.99	25.12

Changes in the Present Value of Defined Benefit Obligation are as follows:

Particulars	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Present Value of Obligation as at the Beginning of the period	2.14	3.95	5.70	9.00	14.79
Interest Cost	0.17	0.32	0.45	0.72	1.26
Past Service Cost	--	--	--	--	--
Current Service Cost	0.86	1.26	1.87	3.67	9.31
Curtailment Cost / (Credit)	--	--	--	--	--
Settlement Cost / (Credit)	--	----	--	--	--
Benefits paid	(2.21)	(3.74)	(6.89)	(1.15)	(4.58)
Actuarial (gain)/ loss on obligations	2.99	3.91	7.87	2.55	5.68
Present Value of Obligation as at the end of the period.	3.95	5.70	9.00	14.79	26.46

Changes in the Fair Value of Plan Assets – Not Applicable

Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets:

(₹ in lakhs)

Particulars	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Present Value of Obligation as at the End of the period	3.95	5.70	9.00	14.79	26.46
Fair Value of Plan Assets as at the End of the period	-	-	-	-	-
Funded Status/ Difference	(3.95)	(5.70)	(9.00)	(14.79)	(26.46)
Unrecognized Actuarial (gains)/losses	-	-	-	-	-
Unfunded Net Asset/ (Liability) Recognized in Balance Sheet	(3.95)	(5.70)	(9.00)	(14.79)	(26.46)

Expense recognized in the Profit and Loss Account:

(₹ in lakhs)

Particulars	For the year ended 31 st March				
	2008	2009	2010	2011	2012
Current Service Cost	0.86	1.26	1.87	3.67	9.31
Past Service Cost	--	--	--	--	--
Interest Cost	0.17	0.32	0.45	0.72	1.26
Expected Return on Plan Assets	--	--	--	--	--
Curtailment Cost / (Credit)	--	--	--	--	--
Settlement Cost / (Credit)	--	--	--	--	--
Net actuarial (gain)/ loss recognized in the period	2.99	3.91	7.87	2.56	5.68
Total Expenses recognized in the Profit & Loss Account	4.02	5.49	10.19	6.95	16.24

Constitution of Plan Assets – Not Applicable

Note: For the purpose of Gratuity Calculations, all the employees of erstwhile Ambika Forgings (the firm) have been considered as if they were the employees of GB Tools & Forgings Limited. (the Company) since their respective date of joining in the firm. However, the Directors of the Company Mr. Gian Parkash Bhandari, Mr. Saurabh Bhandari and Mrs. Neelam Bhandari (partners of the erstwhile

Ambika Forgings) have been considered employees with effect from 1st March 2011 as they have waived off their right to Gratuity prior to that date.

b. Leave Encashment:

The Company also has a defined benefit Leave Encashment plan, which is unfunded. The Company grants Sick Leaves (SL), Earned Leaves (EL) and Casual Leaves (CL) to the employees in accordance with the applicable labour laws of the state and has a policy of encashment of unutilized earned leaves at the end of every year. The unutilized balances of sick leaves and casual leaves are not carried forward and get lapsed at the end of every year. Accordingly, the Actuarial Valuation of Leave Encashment is not required.

7. Segment Information

A. **Primary Segment:** The Company primarily deals in only one segment i.e. "Hand Tools", whether manufactured or traded and thus reporting under this segment is not applicable.

B. Geographical Segment:

(₹ in lakhs)

Particulars	For the year ended 31st March				
	2008	2009	2010	2011	2012
Domestic Sales	624.54	741.94	1,006.06	2551.77	3,901.91
Export Sales	3459.52	2834.24	1433.38	2828.35	3811.65
Total	4,084.06	3,576.18	2,439.44	5,380.12	7,713.56

8. Inventories & Other Details:

(₹ in lakhs)

As at 31st March	2008 Value (₹ Lacs)	2009 Value (₹ Lacs)	2010 Value (₹ Lacs)	2011 Value (₹ Lacs)	2012 Value (₹ Lacs)
Raw Materials	43.76	28.05	45.78	81.26	43.34
Import Goods	-	271.75	250.48	292.53	394.66
Finish Products	165.28	356.2	206.21	187.21	396.26
Work in Progress	166.14	57.16	210.39	100.52	108.88
Stock at Himachal	-	-	0.79	-	-
Scrap Stock	13.53	16.98	3.93	25.19	11.38
Consumables, Trading Goods & Others	133.94	15.08	81.42	45.94	46.89
Packing Material	8.66	13.98	16.90	19.70	31.37
Others (stock of printing & stationary and catalogue)	0.79	13.76	23.52	35.86	30.57
Goods in Transit Closing	-	-	-	-	273.70
Inventories as per Financial Statements	532.10	772.96	839.42	788.21	1337.05
Add: Goods in Transit Closing	245.01	79.20	133.64	219.43	-
Less: Goods in Transit Opening	371.09	245.01	79.20	133.64	219.43
Inventories as per Restated Financial Statements	406.02	607.15	893.86	874.00	1117.62

Note 1: The above stated information related to Inventory reliance has been taken on the information are as per Inventory Taken, Valued & Certified by the Management.

ANNEXURE V

Disclosure as required by the Accounting Standard 18 on 'Related Party Disclosures' are given below:

I. LIST OF RELATED PARTIES

1. Subsidiary Companies

- I. None

2. Associates

- I. None

3. Enterprises owned or significantly influenced by KMP and / or their relatives

- I. SNB Engineering Pvt. Ltd.
- II. G.B. Tools Limited
- III. Indian Tools Technology Centre
- IV. GB Medicare Pvt. Ltd.
- V. B.G.S. Overseas Pvt. Ltd. (from 08/10/2007 to 29/08/2010)
- VI. S.N.G. Properties Pvt. Ltd. (till 29/08/2010)
- VII. Astha Estate Pvt. Ltd. (till 28/12/2010)
- VIII. Ambika Tools Limited (till 29/08/2010)
- IX. Rapid Objects Software Solutions
- X. JVG Enterprises
- XI. Ambika Builders
- XII. Ambika Enterprises
- XIII. Ambika Exports
- XIV. Engee Overseas

4. Key management Personnel

- I. Mr. Gian Parkash Bhandari - (Chairman cum Executive Director and Promoter)
- II. Mr. Saurabh Bhandari - (Managing Director & Promoter)
- III. Mrs. Neelam Bhandari - (Executive Director upto Aug 2011)

5. Relatives of KMP

- I. Mrs. Neelam Bhandari (Wife of Chairman & Non Executive Director w.e.f. Sep 2011)
- II. Mr. Puneet Kochhar (Shareholder)
- III. Mrs. Mili Bhandari (Shareholder)
- IV. Mrs. Richa Kochhar (Shareholder)
- V. Mr. Rajinder Singh Goyal (Shareholder)

II. DETAILS OF RELATED PARTY TRANSACTIONS (AS RESTATED)

1. Key Managerial Personnel

(₹ In Lacs)

	Nature of Transactions	For the year Period Ended as on				
		31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
1	Loans & Advances Taken					
	Gian Prakash Bhandari	-	-	-	108.99	560.81
	Saurabh Bhandari	-	-	-	4.64	77.73
	Neelam Bhandari	-	-	-	2.25	36.15
2	Loans & Advances Repayments					
	Gian Prakash Bhandari	-	-	-	4.54	436.56
	Saurabh Bhandari	-	-	-		70.28
	Neelam Bhandari	-	-	-		32.66
3	Closing Balance of Loans & Advances from Directors				111.34	246.52
4	Capital Infusion					
	Gian Prakash Bhandari	130.42	291.12	65.77	57.78	-
	Saurabh Bhandari	140.47	71.32	49.32	93.02	-
	Neelam Bhandari	55.47	55.5	39.78	47.39	-
5	Remuneration/Withdrawal of Partner Capital					
	Gian Prakash Bhandari	54.38	77.73	132.90	57.30	27.14
	Saurabh Bhandari	102.56	26.81	37.43	93.02	16.65
	Neelam Bhandari	13.82	1.02	29.53	1.00	4.40
6	Shares Allotment					
	Gian Prakash Bhandari	-	-	-	247.00	
	Saurabh Bhandari	-	-	-	195.00	
	Neelam Bhandari	-	-	-	195.00	

- a. **Capital Infusions:** These amounts includes share of profits attributable to the respective partners before the period from 15.02.2011.
- b. **Share Allotments:** on 15th Feb 2011 at the time of conversion Equity shares have been allotted to the partners against their capital balances, in the books of partnership firm, stood as on 14/02/2012. The details are as follows:
- Gian Prakash Bhandari: 24.70 lacs Equity Shares allotted @ ₹ 10 each issued at a premium of ₹ 2 per share.
 - Saurabh Bhandari: 19.50 lacs Equity Shares allotted @ ₹ 10 each issued at a premium of ₹ 2 per share.
 - Neelam Bhandari: 19.50 lacs Equity Shares allotted @ ₹ 10 each issued at a premium of ₹ 2 per share.

2. Relatives of Key Managerial Personnel

(₹ In Lacs)

SR No.	Nature of Transactions	For the year Period Ended as on				
		31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
1	Loans & Advances Taken					
	Puneet Kochher	-	-	13.57		
	Mili Bhandari	-	-	13.57		
	Richa Kochher	-	-	13.57		
	Rajinder Singh Goyal	-	-	13.57		
2	Loans & Advances Given / Repayment					
	Puneet Kochher	-	-	-	-	
	Mili Bhandari	-	-	-	-	
	Richa Kochher	-	-	-	-	
	Rajinder Singh Goyal	-	-	-	-	
3	Capital Infusion*					
	Puneet Kochher	-	-	-	3.16	-
	Mili Bhandari	-	-	-	3.16	-
	Richa Kochher	-	-	-	3.16	-
	Rajinder Singh Goyal	-	-	-	3.16	-
4	Drawings*					
	Puneet Kochher	-	-	-	-	-
	Mili Bhandari	-	-	-	1.25	-
	Richa Kochher	-	-	-	-	-
	Rajinder Singh Goyal	-	-	-	-	-
5	Closing Balance of Loans & Advances from Relatives	-	-	54.28	40.40	40.40
6.	Shares Allotment					
	Puneet Kochher	-	-	-	3.90	-
	Mili Bhandari	-	-	-	3.90	-
	Richa Kochher	-	-	-	3.90	-
	Rajinder Singh Goyal	-	-	-	3.90	-

- Capital Infusions:** Capital infused by way of converting proportionate balances from respective "Loans & Advances Accounts".
- Share Allotments:** on 15th Feb 2011 at the time of conversion Equity shares have been allotted to the partners against their capital balances, in the books of partnership firm, stood as on 14/02/2012. Further capital balances of Partners have been arrived at after crediting ₹ 0.74 lacs as a share of profits into the respective capital accounts. The details are as follows:
 - Puneet Kochher: 32500 Equity Shares allotted @ ₹ 10 each issued at a premium of ₹ 2 per share.
 - Mili Bhandari: 32500 lacs Equity Shares allotted @ ₹ 10 each issued at a premium of ₹ 2 per share.
 - Richa Kochhar: 32500 Equity Shares allotted @ ₹ 10 each issued at a premium of ₹ 2 per share.
 - Rajinder Singh Goyal: 32500 Equity Shares allotted @ ₹ 10 each issued at a premium of ₹ 2 per share.
- Drawings:** Withdrawal done by Mrs Mili Bhandari before the conversion of the partnership firm into Company

Entities over which KMP/ or their Relatives exercise significant control

(₹ In Lacs)

Sr. No.	Nature of Transactions	For the year Period Ended as on				
		31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
1	Opening Balance					
	Ambika Exports	98.87 (Cr.)	150.08 (Dr.)	-	27.97 (Dr.)	27.27 (Dr.)
	JVG Enterprises	23.20 (Dr.)	35.20 (Dr.)	35.20 (Dr.)	48.20 (Dr.)	83.70 (Dr.)
	SN B Engineering Pvt. Ltd.	-	136.77 (Dr.)	176.77 (Dr.)	6.30 (Dr.)	-
	Engee Overseas	30.95 (Dr.)	-	-	-	-
2	Loans & Advances Given					
	Ambika Exports	276.14 (Dr.)	319.37 (Dr.)	50.02 (Dr.)	6.53 (Dr.)	-
	JVG Enterprises	14.00 (Dr.)	-	20.00 (Dr.)	35.50 (Dr.)	10.00 (Dr.)
	SN B Engineering Pvt. Ltd.	136.77 (Dr.)	40.00 (Dr.)	50.00 (Dr.)	-	-
	Engee Overseas	-	-	-	-	-
3	Loans & Advances Taken/ Repayment					
	Ambika Exports	456.39 (Cr.)	516.47 (Cr.)	22.05 (Cr.)	7.23 (Cr.)	27.27 (Cr.)
	JVG Enterprises	2.00 (Cr.)	-	7.00 (Cr.)	-	93.70 (Cr.)
	SN B Engineering Pvt. Ltd.	-	-	220.47 (Cr.)	6.30 (Cr.)	-
	Engee Overseas	30.95 (Cr.)	-	-	-	-
4	Sale to Related Party					
	Ambika Exports	429.82 (Dr.)	153.73 (Dr.)	-	-	-
5	Purchase from Related Party					
	Ambika Exports	0.62 (Cr.)	106.71 (Cr.)	-	-	-
6	Closing Balance					
	Ambika Exports	150.08 (Dr.)	-	27.97 (Dr.)	27.27 (Dr.)	-
	JVG Enterprises	35.20 (Dr.)	35.20 (Dr.)	48.20 (Dr.)	83.70 (Dr.)	-
	SN B Engineering Pvt. Ltd.	136.77 (Dr.)	176.77 (Dr.)	6.30 (Dr.)	-	-
	Engee Overseas	-	-	-	-	-

Details of Guarantees

(₹ in lakhs)

Nature of Transaction	For the year/period ended				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Guarantees given by the directors, relatives and corporate guarantees of shareholders	1958.68	1983.77	2055.11	2286.61	2554.59
Guarantees given by the Company on behalf of Directors	-	-	-	-	500.00*

***Note:** The Company has given Only Guarantees of ₹ 5 Crores on behalf of Managing Director Sh Saurabh Bhandari on loan taken by him for purchase of Residential House as per explanation given to us by the management. However, as per loan document / Board Resolution produced before us, the Company is Co-borrower.

ANNEXURE VI

STATEMENT OF OTHER INCOME

(₹ in lakhs)

Particulars	For the year/period ended				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
SOURCE OF OTHER INCOME					
RECURRING					
Import Entitlements/ Focus Product	182.19	170.98	91.11	257.98	372.36
Export Incentives	61.23	42.23	26.48	38.41	63.31
NON-RECURRING					
Rebate & Discount	-	-	-	13.84	-
Diff in Exchange					
Diff in Exchange Gain/ (Loss)	(13.41)	118.20	(31.68)	4.72	56.52
Interest on FDR	-	0.42	3.79	0.51	0.06
Profit on sale of fixed assets (net)	-	-	-	-	-
Miscellaneous income	-	-	33.39	-	4.50
Total of other Income	230.01	331.83	123.10	315.46	496.75

Notes on adjustments for Restated Financial Statements (Annexure IV) forms integral part of this Statement of other income.

Notes:

- The classification of 'Other income' as recurring / Non-recurring to business activities is based on the current operations and business activities of the Company as determined by the management.
- In accordance with the accounting treatment followed by the Company, exchange fluctuation gain / loss and profit / loss on sale of assets is disclosed net. Gross amounts in respect thereof are not readily determinable. Hence, net gain where applicable has been considered for the purpose of above disclosure.
- The figures disclosed above are based on the summary statement of profits and losses, as restated, of the Company.

ANNEXURE VII

STATEMENT OF SHARE CAPITAL

(₹ in lakhs)

Particulars	As At				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Authorised shares					
Equity shares of ₹ 10 each (Numbers)	N.A.			1,00,00,000	1,50,00,000
Equity shares of ₹ 10 each (₹)				1000	1500
Issued, subscribed and fully paid up					
Equity shares of ₹ 10 each (Numbers)				65,00,000	65,00,000
Equity shares of ₹ 10 each (₹)				650	650
Capital account	582.42	700.91	651.21		

Notes on adjustments for Restated Financial Statements (Annexure IV) forms integral part of this Statement of share capital.

- Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
At the beginning of the period	N.A.	N.A.	N.A.	-	6500,000
Bonus issue				-	-
Issue of Equity Share against Capital Balances				6500,000	-
Outstanding at the end of the period				65,00,000	65,00,000

- Details of shareholders holding more than 5% equity shares in the Company

(₹ in lakhs)

Particulars	As At				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Number of Shares	N.A.	N.A.	N.A.		
Gian Prakash Bhandari				24.70	24.70
Saurabh Bhandari				19.50	19.50
Neelam Bhandari				19.50	19.50
% holding in class					
Gian Prakash Bhandari				38.00%	38.00%
Saurabh Bhandari				30.00%	30.00%
Neelam Bhandari				30.00%	30.00%

- The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares dividends in Indian rupees. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4. The Company had increased its authorized share capital by ₹ 50 million consisting of 5000000 shares of ₹ 10 each in the Extraordinary General Meeting held on 1st Jun 2011.
5. Share capital includes 650000 equity shares issued during the financial year 2010-11 at a premium of ₹ 2 by conversion of Capital balances, of respective partners stood as on 14 Feb 2011 into equity.

ANNEXURE VIII

STATEMENT OF RESERVES AND SURPLUS

(₹ in lakhs)

Particulars	As At				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Securities premium account					
Opening balance				-	130.00
Add: Premium on issue of equity shares				130.00	-
Less: Amount utilized towards issue of fully paid bonus shares				-	-
Closing balance (A)				130.00	130.00
Other Reserves (B)				29.33	29.33
Surplus / (deficit) in profit and loss account					
Opening balance				-	(169.24)
Add: Restated Profit for the year				144.52	391.40
Less: Amount utilized Towards Securities Premium				130.00	-
Less: Opening DTL/DTA opening				150.32	-
Less: Other Adjustments (Provision of Gratuity)				27.81	-
Less: Adj For Goods in Transit and Exchange diff. opening				5.62	21.32
Less: Short Provision for Income Tax				-	12.28
Closing balance (C)	-	-	-	(169.24)	255.76
Grand Total (A+B+C)	-	-	-	(9.91)	415.09

Note: The Company was incorporated on 15th February 2011 under Part IX of Companies Act, 1956. Prior to incorporation it was a Partnership firm. Hence, Figures for the FY 2007-08, 2008-09 and 2009-10 are not given.

ANNEXURE IX

STATEMENT OF LONG TERM BORROWINGS

(₹ in lakhs)

Particulars	As at				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Secured Long Term Borrowings					
<i>Term loans from banks</i>					
Punjab National Bank				101.22	80.25
Bank of India	101.57	57.65	20.60	-	-
Tata Capital				48.93	34.94
SIDBI	151.07	138.92	97.91	71.29	30.66
HDFC Vehicles Loan		2.94	28.88	-	117.14
ICICI Vehicles Loan		-	-		
Total	252.64	199.51	147.39	221.44	262.99
Secured borrowings in above total (A)	252.64	199.51	147.39	221.44	262.99
Unsecured borrowings from Relatives (B)			54.28	40.40	31.24
Unsecured borrowings from Directors (C)				111.34	180.00
Amount disclosed under the head "other current Liabilities (D)					
Total A+B+C+D	252.64	199.51	201.67	373.18	474.23

Notes:

1. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.
2. Notes on adjustments for Restated Financial Statements (Annexure IV) forms integral part of this Statement of long term borrowings.

ANNEXURE X

STATEMENT OF SHORT TERM BORROWINGS

(₹ in lakhs)

Particulars	As At				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Secured- Working Capital A					
From banks					
<i>Cash credit from banks</i>					
Bank of India	1,506.35	1,354.55	1,549.28	1,551.39	1,564.61
State Bank of Patiala		244.38	210.63	212.96	202.23
Vijaya Bank					
Punjab National Bank				100.03	98.14
City Bank	0.17				
Total A	1,506.52	1,598.93	1,759.91	1,864.37	1,864.98
Other-B					
From directors / partners	-	-	-	-	66.52
From associates					
From relatives of directors					9.16
From subsidiary					
Loan from outsiders					
Total B	-	-	-	-	75.68
Total A+B	1506.52	1,598.93	1,759.91	1,864.37	1940.66

Notes on adjustments for Restated Financial Statements (Annexure IV) forms integral part of this Statement of short term borrowings.

Notes:

1. The cash credit from Bank of India carries interest @ 14.75% p.a. The loan is repayable on demand. The loan is secured by first charge by way of hypothecation of entire current assets including stocks and book-debts of the Company with collateral security First pari passu on the fixed assets of the Company. Fixed assets include equitable mortgage of factory land and building at a) Vasika no. 8965 dt.29/11/99 measuring 4 Kanals, b) Vasika No. 9026 dt.09/11/98 of 8 Kanals c) vasika no.12971 dt.15/02/99 of 8 Kanals, d) vasika no.13047 dt.15/02/99 of 4 Kanals, e) vasika no.12923 dt.12/02/99 of 8 Kanals and f) Vasika no. 1732 measuring 3Acers 4Kanals & 13Marlas situated at village Mand, Kapurthala Road, Jalandhar, Punjab. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.
2. The cash credit from State Bank of Patiala carries interest @ 17.10% p.a. The loan is repayable on demand. The loan is secured by Pari passu charge on stocks and receivable of the Company. Additionally secured by equitable mortgage of property a) vasika no.8946 dt.26/11/99 measuring 4 Kanals b) Varika no.202 dt.11/01/2000 measuring 5Kanals and 15 Marlas situated at village Mand, Kapurthala Road, Jalandhar. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.
3. The cash credit from Punjab National Bank carries interest @ 15.25% p.a. The loan is repayable on demand. The loan is secured by first charge by way of hypothecation of entire current assets including stocks and book-debts of the Company. Further, the loan has been guaranteed by the personal guarantee of the directors of the company.
4. Unsecured loans include loans taken from relatives of directors for details kindly refer to the "Related party section. Loans are interest free and payable on demand.
5. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.

ANNEXURE XI**STATEMENT OF LONG TERM PROVISIONS**

(₹ in lakhs)

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Provision for gratuity	3.95	5.70	9.00	14.79	26.01
Total	3.95	5.70	9.00	14.79	26.01

STATEMENT OF SHORT TERM PROVISIONS

(₹ in lakhs)

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Provision for Gratuity	-	-	-	-	0.44
Provision for tax	23.68	25.44	11.61	17.28	112.80
Others	141.81	127.34	74.47	153.42	157.78
Total	165.49	152.78	86.08	170.70	271.02

Notes on adjustments for Restated Financial Statements (Annexure IV) forms integral part of this Statement of provisions.

Notes:

1. The figures disclosed above are based on the summary statement of assets and liabilities, as restated, of the Company.
2. Provision for gratuity is based upon Actuarial Valuation

ANNEXURE XII

STATEMENT OF LONG TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Loans and advances					
Security Deposits (Unsecured, considered good)	15.17	21.33	23.14	32.47	36.48
Loans and advances to related parties (Unsecured, considered good)	-	-	-	-	-
<i>Other loans and advances</i>					
- Advance to employees and others*	13.42	13.46	13.46	17.24	16.04
Total	28.59	34.80	36.60	49.71	52.52

*Note: The Company has filed civil suit against the ex-employee for recovery of advances given to him amounting ₹ 11.74 Lacs.

STATEMENT OF SHORT TERM LOANS AND ADVANCES

(₹ in lakhs)

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Loans and advances					
Security Deposits (Unsecured, considered good)	-	-	-	-	-
Loans and advances to related parties (Unsecured, considered good)	322.05	211.97	82.47	110.97	-
<i>Other loans and advances</i>					
- Advance tax (net of provision for taxation)	92.75	112.75	127.25	5.00	50.00
- Fringe benefit tax (net of provision for tax)	-	5.80	5.80	-	-
- Advance to suppliers	205.16	190.30	171.99	456.38	221.20
- Advance to employees and others	0.08	4.19	1.96	1.77	3.28
- Prepaid expenses					
Total	620.05	525.01	389.48	574.12	274.48

ANNEXURE XIII

STATEMENT OF SHORT TERM OTHER CURRENT ASSETS

(₹ in lakhs)

Particulars	As at				
	31 Mar 08	31 Mar 09	31 Mar 10	31 Mar 11	31 Mar 12
Balance with Government Authorities	247.36	199.86	171.01	323.79	493.25
Deferred Revenue Exp.	-	-	41.35	-	-
Prepaid expenses		6.98	8.33	-	3.01
Cheques Presented for payments	1.33	-	-	-	127.11
Total	248.68	206.84	220.69	323.79	623.37

STATEMENT OF OTHER CURRENT LIABILITIES

(₹ in lakhs)

Particulars	As at				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
OTHER CURRENT LIABILITIES					
Current maturities of long-term debts					
Bank of India	55.52	40.09	37.06	20.60	267.54
SIDBI	48.12	70.83	69.13	26.63	7.68
Tata Capital Ltd.		-	-	46.62	13.99
Punjab National Bank	-	-	-	-	20.00
Vehicle Loans ICICI Bank	64.79	50.24	7.49	-	-
Vehicle Loans HDFC Bank	131.61	23.17	34.13	106.96	117.40
Sub-Total	300.05	184.33	147.81	200.81	426.62
Payable for Capital Assets	-	-	-	-	7.48
Advance from customers	27.09	28.35	67.48	87.14	26.34
Cheques issued but not Presented	138.33	50.63	83.65	384.94	26.42
Total- Current liabilities	465.46	263.32	298.94	672.89	486.86

ANNEXURE XIV

STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AND ASSETS CHARGED AS SECURITY

(₹ in lakhs)

Particulars	Outstanding Amount as at 31 March 2012	Sanction amount and Present Rate of Interest	Details of Security	Repayment Schedule
1. TERM LOAN				
SIDBI	38.35 Lacs	Sanction amount ₹ 50 lacs , Rate of interest: 13.25% per annum	<ul style="list-style-type: none"> First charge on machinery purchased by the Company. Personal guarantee of Executive Directors. Sh. Gian Bhandari, Mr. Saurabh Bhandari and Non Executive Director Smt. Neelam Bhandari 	59 EMIs of ₹ 83,500/- starting from 10-04-2012 and last EMI of ₹ 73500/- to be paid on March, 2017
PUNJAB NATIONAL BANK	100.24 Lacs	Sanction amount ₹ 100 Lacs. Rate of interest: 15.75% per annum calculated on the daily debit balance.	<ul style="list-style-type: none"> Hypothecation of machinery/other assets purchased out of bank finance and Equitable Mortgage of Land of Himachal Unit. Personal guarantee of Executive Directors. Sh. Gian Bhandari, Mr. Saurabh Bhandari and Non Executive Director Smt. Neelam Bhandari 	60 EMIs of ₹166667/- after Moratorium period of 12 Months. Starting from 01-04-2012
TATA CAPITAL LIMITED	11.51 Lacs	Sanction amount ₹135 lacs. Rate of interest: 14.25% per annum calculated on the daily debit balance	<ul style="list-style-type: none"> First charge on machinery purchased by the Company. Personal guarantee of Executive Directors. Sh. Gian Bhandari, Mr. Saurabh Bhandari and Non Executive Director Smt. Neelam Bhandari 	47 EMIs of ₹ 27,500/- each Starting From 10-05-2011
	10.65 Lacs			47 EMIs of ₹ 25,400/-each Starting From 10-05-2011
	10.86 Lacs			47 EMIs of RS. 25,900/-each S Starting From 10-05-2011
	15.91 Lacs			47 EMIs of ₹ 37,800/- each Starting From 10-05-2011
BANK OF INDIA	67.54 Lacs	Sanction amount- ₹ 268.00 Rate of interest 15.25% per annum	<ul style="list-style-type: none"> Equitable Mortgage of building/property situated at 670, Mall Road, Jalandhar in the name of Mr. Gian Parkash Bhandari and Mrs. Neelam Bhandari (Directors of the company) 	96 EMIs of ₹ 484825/- each Starting From 01.04.2012

Particulars	Outstanding Amount as at 31 March 2012	Sanction amount and Present Rate of Interest	Details of Security	Repayment Schedule
2. WORKING CAPITAL FACILITY				
FUND BASED				
BANK OF INDIA	1544.60 Lacs (PCL + FBP)	Sanction amount ₹1550 Lacs Rate of interest: 12.25% per annum payable monthly	<u>Primary Security :</u> <ul style="list-style-type: none"> First charge by way of hypothecation of entire current assets including stocks and book-debts of the Company. <u>Collateral Security:</u> First pari passu on the fixed assets of the Company. Fixed assets include equitable mortgage of factory land and building at a) Vasika no. 8965 dt.29/11/99 measuring 4 Kanals, b) Vasika No. 9026 dt.09/11/98 of 8 Kanals c) vasika no.12971 dt.15/02/99 of 8 Kanals, d) vasika no.13047 dt.15/02/99 of 4 Kanals, e) vasika no.12923 dt.12/02/99 of 8 Kanals and f) Vasika no. 1732 measuring 3Acers 4Kanals & 13Marlas situated at village Mand, Kapurthala Road, Jalandhar, Punjab.	Repayable on Demand
PUNJAB NATIONAL BANK	98.14 Lacs (CC)	Sanction amount ₹ 100 lacs Rate of interest: 15.25% per annum calculated on the daily debit balance.	<ul style="list-style-type: none"> First charge on entire current assets as well as present & future including entire stocks Personal guarantee of Executive Directors. Sh. Gian Bhandari, Mr. Saurabh Bhandari and Non Executive Director Smt. Neelam Bhandari 	Repayable on Demand
STATE BANK OF PATIALA	202.23 Lacs	Sanction amount ₹ 200 lacs Rate of interest: 17.10% per annum calculated on the daily debit balance.	<ul style="list-style-type: none"> Pari passu charge on stocks and receivable of the Company. Additionally secured by equitable mortgage of property a) vasika no.8946 dt.26/11/99 measuring 4 Kanals b) Varika no.202 dt.11/01/2000 measuring 5Kanals and 15 Marlas situated at village Mand, Kapurthala Road, Jalandhar. Personal guarantee of Executive Directors. Sh. Gian Bhandari, Mr. Saurabh Bhandari and Non Executive Director Smt. Neelam Bhandari 	Repayable on demand

Particulars	Outstanding Amount as at 31 March 2012	Sanction amount and Present Rate of Interest	Details of Security	Repayment Schedule
NON FUND BASED				
BANK OF INDIA	28.36 Lacs (ILC ₹ 20.00 lacs & BG ₹ 8.36 lacs)	Sanction amount ₹ 40 Lacs. <u>Limits</u> 1. Letter of credit ("LC") of ₹ 20 lacs. 2. Bank guarantee of ₹ 20 lacs. Rate of interest: 12.25% per annum payable monthly. Rate of interest: • LC – with margin of 20% + normal bank charges. • BG-with margin of 20% + normal bank charges	• Personal guarantee of Executive Directors. Sh. Gian Bhandari, Mr. Saurabh Bhandari and Non Executive Director Smt. Neelam Bhandari	Repayment: • LC – DP / DA maximum 90 days.

(₹ in lakhs)

Particulars	As at 31 March 2012	Sanction amount and Present Rate of Interest	Details of Security	Repayment Schedule
3. VEHICLE LOAN				
HDFC Bank-2008835 (Used Car Refinance Loan)	8.24 Lacs	Loan amount ₹ 9.78 Lacs Rate of Interest: 13.39% p.a.	Secured by way of hypothecation of vehicle	Repayable in 24 EMI s of ₹ 46886/- each Starting from 05-01-2012
HDFC Bank-20057101 (Used Car Refinance Loan)	9.65 Lacs	Loan amount ₹ 11.45 Lacs Rate of Interest: 13.39% p.a.	Secured by way of hypothecation of vehicle	Repayable in 24 EMI s of ₹ 54,676/- each Starting from 05-01-2012
HDFC Bank-20088495 (Used Car Refinance Loan)	10.38 Lacs	Loan amount ₹ 12.33 Lacs Rate of Interest: 13.39% p.a.	Secured by way of hypothecation of vehicle	Repayable in 24 EMI s of ₹ 58834/- each Starting from 05-01-2012

Particulars	As at 31 March 2012	Sanction amount and Present Rate of Interest	Details of Security	Repayment Schedule
HDFC Bank-19199507 (Auto Premium Loan)	143.31Lacs	Loan amount ₹ 180.00 Lacs Rate of Interest: 9.43% p.a.	Secured by way of hypothecation of vehicle	Repayable in 24 EMIs of ₹ 576000/- each Starting from 05/09/2011
HDFC Bank-20061585 (Used Car Refinance Loan)	28.95Lacs	Loan amount ₹ 34.37 Lacs Rate of Interest: 13.39% p.a.	Secured by way of hypothecation of vehicle	Repayable in 24 EMIs of ₹ 164022/- each Starting from 05-01-2012
HDFC Bank-20061322 (Used Car Refinance Loan)	12.69 Lacs	Loan amount ₹ 15.06 Lacs Rate of Interest: 13.29% p.a.	Secured by way of hypothecation of vehicle	Repayable in 24 EMIs of ₹ 71878/- each Starting from 05-01-2012
HDFC Bank-16688420 (Used Car Refinance Loan)	16.34 Lacs	Loan amount ₹ 50.00 Lacs Rate of Interest: 16.07% p.a.	Secured by way of hypothecation of vehicle	Repayable in 32 EMIs of ₹ 193150/- each Starting from 05-07-2010
HDFC Bank-17443965 (Auto Premium Loan)	4.93 Lacs	Loan amount ₹ 18.54 Lacs Rate of Interest: 3.19 % Flat.	Secured by way of hypothecation of vehicle	Repayable in 12 EMIs of ₹ 102015/- Starting from 07-11-2010 and next 12 EMIs of ₹ 47299 & next 12 EMIs of RS. 20070/-

ANNEXURE XV

STATEMENT OF ACCOUNTING RATIOS

(₹ in lakhs)

S. No.	Particulars	Form the year ended 31st March				
		2008	2009	2010	2011	2012
1.	Net Profit after Tax, as restated (₹ In Lacs)	96.43	117.38	2.82	144.52	391.40
2.	Net Worth (₹ In Lacs)	700.02	935.89	889.01	640.09	1,065.09
3.	No. Of Shares (in Lacs)	65.00	65.00	65.00	65.00	65.00
4.	Earnings Per Share (EPS); Face Value ₹ 10/- (in ₹)					
	a) Basic	1.48	1.81	0.04	2.22	6.02
	b) Diluted	1.48	1.81	0.04	2.22	6.02
5.	Net Asset Value per equity share (in ₹)	10.77	14.40	13.68	9.85	16.39
6.	Return on Net Worth (%)	13.77%	12.54%	0.34%	22.58%	36.75%

Formulas:

- i) Earnings Per Share (₹) = $\frac{\text{Restated Net Profit after Tax}}{\text{Weighted Average Number of Equity Shares* outstanding during the year}}$
- ii) Net Asset Value Per Share (₹) = $\frac{\text{Restated Net worth}}{\text{Number of Equity Shares outstanding at the end of the year}}$
- iii) Return on Net Worth (%) = $\frac{\text{Restated Net Profit after Tax}}{\text{Restated Net worth}}$
- iv) Net Worth (₹) = Equity Share Capital + Security Premium+ Profit & Loss Account+ Other Reserves (excluding Revaluation Reserve) less Miscellaneous Expenditure

* Note: The status of the Company prior to 15 Feb 2011 was that of partnership firm. Hence, EPS and NAV per share have been computed based on the shares outstanding as on 31 March 2011.

STATEMENT OF CAPITALISATION AS AT 31 MAR 2012

ANNEXURE XVI

(₹ in lakhs)

Particulars	Pre issue
Debt	
Long Term Debt (A)	474.23
Short Term Debt	1940.66
Total Debt (B)	2414.89
Shareholders' funds	
Share Capital	
- Equity share capital	650.00
Reserves	
- Security premium	130.00
- Other Reserves	29.33
- Profit and loss account	255.76
Total Shareholders' funds (C)	1065.09
Long Term Debt / Shareholders' funds (A / C)	0.45
Total Debt / Shareholders' funds (B / C)	2.27

ANNEXURE XVII

STATEMENT OF TAX SHELTER

(₹ in lakhs)

Particulars	For the year ended 31st March				
	2008	2009	2010	2011	2012
Restated Net Profit before Tax, as restated (A)	135.42	153.23	28.99	230.19	550.93
Tax Rate (B)	33.22%	33.22%	33.22%	33.22%	32.45%
Tax at Normal Rates (A * B)	44.99	50.90	9.63	76.47	178.78
Timing Differences:					
Difference between Tax Depreciation & Book Depreciation	47.90	33.05	47.16	61.16	144.02
Other Adjustments-Provision of Gratuity	1.81	1.75	3.30	5.79	0.00
Total (C)	-46.08	-31.31	-43.86	-55.37	-144.02
Tax Expense/ (Savings) thereon (C * B)	-15.31	-10.40	-14.56	-18.39	-46.73
Total Tax Liability	29.68	40.50	-4.93	58.08	132.05

ANNEXURE XVIII

STATEMENT OF TRADE RECEIVABLES (UNSECURED)

(₹ in lakhs)

Particulars	As at				
	31-Mar-08	31-Mar-09	31-Mar-10	31-Mar-11	31-Mar-12
Debt outstanding for a period Exceeding six months					
- Considered good	95.87	165.17	248.81	251.51	221.10
- Considered doubtful	-	-	-	-	-
Less: Provision for doubtful debts	-	-	-	-	-
Debt outstanding for a period not Exceeding six months & Considered Good	960.25	869.23	756.30	1975.76	1049.19
Total	1056.12	1034.40	1005.11	2227.27	1270.29

ANNEXURE XIX

STATEMENT OF DIVIDEND

(₹ in lakhs)

Particulars	As at 31 st March				
Particulars	2008	2009	2010	2011	2012
Total Number of Equity Shares outstanding at the year end	Refer Note below			65,00,000	65,00,000
Face Value of each share (in ₹)	Refer Note below			10.00	10.00
Rate of Dividend (%)	Refer Note below			--	-
Amount of Dividend	Refer Note below			--	-

Note: Dividend working is not applicable for Financial years ended March 31, 2008, March 31, 2009 and March 31, 2010 as the Company was incorporated on 15th Feb 2011.

ANNEXURE XX

STATEMENT SHOWING RESTATEMENT REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	2008	2009	2010	2011	2012
Sales:					
a. Manufactured Products	3,581.00	2,682.60	1,895.22	3,489.31	4,654.59
b. Traded Products	16.87	445.48	442.74	1,701.02	2,299.47
c. Scrap Sale	319.04	243.32	174.32	296.90	481.73
Less Closing Goods in Transit	(302.59)	(97.81)	(170.65)	(277.76)	-
Add Opening Goods in Transit	469.74	302.59	97.81	170.65	277.76
Total Sales	4,084.06	3,576.18	2,439.44	5,380.12	7,713.56

FINANCIAL INDEBTNESS

Set forth below is a brief summary of the Company's aggregate borrowing outstanding as on July 31, 2012

Name of the Bank	Amount Sanctioned	Outstanding (₹ Lacs)	Rate of Interest	Securities Offered
Bank of India	<p>Fund Based: Working Capital ₹ 1550 Lacs</p> <p>Limits: a. Export Packing Credit of ₹ 1100 Lacs. b. Foreign Bill purchase of ₹ 1150 lacs. Total of (1+2) not to exceed 1550 lacs</p> <p>Non-fund based: ₹ 20 lacs</p> <p>Limits: 1. Letter of credit ("LC") of ₹ 20.00 lacs. 2. Bank guarantee of ₹ 20.00 lacs.</p>	<p>1482.44</p> <p>20.00</p>	<p>12.25% p.a.</p> <p>LC – with margin of 20% + normal bank charges. BG-with margin of 20% + normal bank charges</p>	<ul style="list-style-type: none"> First charge by way of hypothecation of entire current assets including stocks and book-debts of the Company First pari passu on the fixed assets of the Company. Fixed assets include equitable mortgage of factory land and building at village Mand, Kapurthala Road, Jalandhar, Punjab Personal guarantees of Executive Director
SIDBI	<p>₹ 50.00 Lacs</p> <p>To finance purchases of hammer & press for forging. Repayment in 59 Monthly installments</p>	46.66 Lacs	13.25% p.a.	<ul style="list-style-type: none"> First charge on entire current assets as well as present & future including entire stocks Personal guarantee of Executive Directors.
Punjab National Bank	<p>Cash Credit ₹ 100 Lacs</p> <p>Term Loan ₹ 150.00 Lacs</p> <ul style="list-style-type: none"> ₹ 71.25 Lacs (Building) ₹ 78.75 Lacs (Machinery) <p>To finance construction of Building and purchases of Plant & Machinery for Himachal Unit. Repayable in 60 monthly installments</p>	<p>95.26 Lacs</p> <p>90.67 Lacs</p>	<p>15.25% p.a.</p> <p>15.75% p.m.</p>	<ul style="list-style-type: none"> First charge on entire current assets as well as present & future including entire stocks Personal guarantee of Executive Directors.
	<p>Term Loan ₹ 150.00 Lacs</p> <ul style="list-style-type: none"> ₹ 71.25 Lacs (Building) ₹ 78.75 Lacs (Machinery) <p>To finance construction of Building and purchases of Plant & Machinery for Himachal Unit. Repayable in 60 monthly installments</p>	90.67 Lacs	15.75% p.a.	<ul style="list-style-type: none"> Hypothecation of machinery/other assets purchased out of bank finance and Equitable Mortgage of Land of Himachal Unit. Personal guarantee of Executive Directors.

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

You should read the following discussion of our financial condition and results of operations together with our audited restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear under "Financial Statements" in the Draft Red Herring Prospectus on page 95. You are also advised to read the Section titled "Risk Factors" on page 10 of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. Unless otherwise stated, the financial information used in this Section is derived from our audited standalone financial statements under Indian GAAP, as restated. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the 12-month period ended March 31 of that year.

We are in the business of manufacturing and export of Drop Forge Hand Tools and allied forging products. Our products have varied applications and are used in various industries like mechanical, maintenance, automobile, engineering, construction, electrical, and Do It Yourself (DIY) segment. We manufacture and sell these products under our brand "Gb tools" and also to various domestic and international customers under their brands. We are a recognized Star Export House by Government of India since 2009. We have over the years earned for ourselves a sound reputation for our quality products and are licensed by Bureau of Indian Standards to use 'ISI' Mark for most of our products.

Our overseas customers include some of the leading players spread across various business segments. We regularly export to various countries in Europe, Asia, North America & Latin America and has diversified customer base. We have consistently exhibited our ability to meet quality requirements of our overseas customers. In the financial year 2011-12, we exported products to 35 overseas customers which included names like Zavod Novosibirskiy Instrument JSC Russia, MaxTech Consumer Products Limited Canada, Stanley Black & Decker Inc LA USA, Cooper Tools Industrial LTDA, Brazil, Westfälische Gesenkschmiede GmbH Germany etc. In domestic market we route our sales mainly through a network of distributors spread all over India.

We are capable of manufacturing both standardized as well as customized products. Our flexible manufacturing infrastructure enables us to extend our product range and change our product mix as per customer demand and requirement. We have, in the last few years, been successful in obtaining various product approvals from various domestic and international clients. At times, in order to meet the requirement of the customers, we also source products as per our specifications from other manufacturers and supply under our brand or as per directions of the customers. Our products have been inspected and accepted by various third party inspection agencies which are mostly appointed by our clients.

Our Company formally known as Ambika Forgings (a partnership firm till February 2011) has been in the Forging and Hand Tools business since April 1975 and our promoter Mr. Gian Parkash Bhandari has a vast experience of more than 37 years and in depth knowledge of Hand Tools Industry. Currently we have two manufacturing facilities, the main Manufacturing facility is located at Kapurthala Road, Jalandhar and the other unit at Industrial Area, Sansarpur Terrace, District Kangra, HP. Our existing manufacturing plant consists of forging shop, die shop, heat treatment shop, conventional and CNC machining shop, electroplating plants, powder coating plants backed by related quality assurance equipments.

Year	2010-11		2011-12	
	Amount (in ₹)	%age	Amount (in ₹)	%age
Export Sales	2,828.35	52.27%	3,811.65	49.41%
Domestic Sales	2,551.77	47.73%	3,901.91	50.59%
Total	5,380.12	100.00%	7,713.56	100.00%

In the financial years 2010-11 & 2011-12, the revenue from our top five overseas customers were ₹ 1,926.11 Lacs & ₹ 2,515.96 lacs constituting 35.80% & 32.62% respectively of revenue from operations.

Our Product range

Product Category	End-Use Industries
Jack Planes of all types, Chisels, Hacksaw, Hand drill machines, cutters	Furniture industry, housing and DIY segment
Jack saw & chain pipe wrenches, Hammers, Socket sets, Cutters, Demolition Hammers	Housing, DIY category, Engineering, Housing & construction
Spanners, pipe wrenches, pliers, tool kits	All type of industries including automobiles & DIY segment

Our Strengths

We have over 37 years of industry experience which, coupled with our knowledge of the industry, positions us well to exploit the tremendous growth opportunities which growing hand tool industry is presently offering. Our following strengths and experiences help us to compete successfully in our industry.

- Wide International Customer Base**

We cater to large number of customers worldwide including names like Zavod Novosibirskiy Instrument JSC Russia, MaxTech Consumer Products Limited Canada, Stanley Black & Decker Inc LA USA, Cooper Tools Industrial LTDA, Brazil, Westfälische Gesenkschmiede GmbH Germany etc. Our products are accepted by customers in countries including Russia USA, Germany, Canada, Brazil, South Africa, UAE, Turkey, Poland, Kenya etc. We have been able to manufacture consistently the products which meet the stringent technical specifications of our customers. In FY2010-11 & FY 2011-12, we catered to 34 & 35 overseas customers respectively and our exports accounted to 52.57% and 49.41% of our revenue from operations by value. We are constantly striving to increase our customer base and reduce dependence on any particular customer. The region-wise break-up of export turnover for the last two financial years was as under:

(₹ In Lacs)		
Region	2010-11	2011-12
Europe	888.20	961.71
North America	411.98	1091.37
South America	247.86	103.62
Asia	1,176.25	1,517.91
Africa	104.07	137.04
Total	2,828.36	3,811.65

- Wide product range of Hand Tools & Customization capability**

We believe that we are one of the few hand tool manufacturers in the country providing a vast range of hand tools & allied forged products used in various industries in India & overseas. We manufacture a wide range of products such as, wrenches, spanners, pliers, Jack Planes, Jack Saw, hammers, Chisels, chain pipe wrenches, tool kits and other hand tools.

Our strength lies in understanding the customer requirement and execution capabilities to customize and manufacture the product as per the client specifications. This involves understanding of technical know how involved in processing of raw material like torque values, hardness, corrosion resistance, plating finish, packaging, lead content limitations etc. The process selection for customized products is done by qualified engineers on production lines.

- Long Term Marquee Customer Relationships**

We have a successful track record of regularly exporting Hand Tool products to global customers. This is because of our ability to provide high quality Hand Tools to these customers on a continuous and uninterrupted basis. We have consistently and successfully demonstrated the ability to manage key client relationships. This is reflected in the long duration of our relationships and the repeat orders for our products from some of our large overseas customers. We believe that we are preferred supplier to many companies dealing in Hand tool products. Our regular overseas customers include names like Stanley Black & Decker Inc LA, USA, MaxTech Consumer Products Limited waterloo, Canada, and Zavod Novosibirskiy Instrument JSC, Russia, etc

- **Strong management team**

We believe that our experienced management has substantially contributed to the growth of our business operations. Our Promoter Director Mr. Gian Parkash Bhandari have more than 37 years of experience in Hand Tool industry. Empowerment of management by delegation of authority has been our strength in meeting management expectations and has helped our Company in building a large team of experienced professionals. We believe that the experience of our senior management team has translated into improved product quality, increased profitability and improved margins which give us competitive edge.

- **Quality Assurance**

Each of our Company's products passes through stringent quality checks. The quality assurance measures taken by our Company include thorough checking of all raw materials, other inputs and finished goods to ensure quality, statistical methods to identify and analyze areas of improvement, experienced manpower for quality assurance activities, creation of data base for future reference and analysis etc. Each of the divisions is well equipped with modern quality checking and testing equipment in place for quality assurance and functions in a philosophy of providing quality products to customer.

We believe that our manufacturing units have adequate facilities and personnel to ensure compliance with the quality specifications and process parameters we have established. We are a ISO 14001: 2004 certified company for Development, Manufacturing, Procurement and Export of Hand Tools.

Business Strategy

The key elements of our business strategy are as follows:

- Raise capacity and widen the product range
- To diversify in Non-Sparking Tools segment
- Developing and Implementing New Processes to improve cost of production and Quality of our products.
- Increase our Margin realization by moving up in the Industry Value Chain
- Further Strengthen our Relationships with Major Customers
- Increase our presence in Domestic Market

Discussion on Result of Operations

(In ₹ Lacs)

Particulars	Year ended 31.03.12		Year ended 31.03.11		Year ended 31.03.10		Year ended 31.03.09	
	Amount	%	Amount	%	Amount	%	Amount	%
A. Income								
Revenue from operations	7,713.56	93.95	5,380.12	94.46	2,439.44	95.20	3,576.18	91.51
Other income	496.75	6.05	315.46	5.54	123.1	4.80	331.83	8.49
Total-A	8,210.31	100.00	5,695.58	100.00	2,562.54	100.00	3,908.01	100.00
B. Expenditure								
i. Cost of raw material and components consumed	3,192.30	38.88	2,444.00	42.91	1,270.49	49.58	2,212.23	56.61
ii. Purchase of traded goods	2,944.02	35.86	1,527.02	26.81	226.7	8.85	322.03	8.24
iii. Changes in inventories of finished goods and traded goods	(359.99)	-4.38	-19.44	-0.34	-24.15	-0.94	(176.14)	-4.51
Cost of goods sold (i +ii+iii)	5,776.33	70.35	3,951.58	69.38	1,473.04	57.48	2,358.12	60.34
Employee benefits expenses	507.54	6.18	353.42	6.21	245.23	9.57	320.76	8.21
Other Expenses	978.58	11.92	830.67	14.58	530.76	20.71	770.25	19.71
Total-B	7,262.44	88.46	5,135.67	90.17	2,249.04	87.77	3,449.13	88.26

Particulars	Year ended 31.03.12		Year ended 31.03.11		Year ended 31.03.10		Year ended 31.03.09	
	Amount	%	Amount	%	Amount	%	Amount	%
C. Earnings before interest, tax, depreciation and amortization (EBITDA)(A-B)	947.87	11.54	559.91	9.83	313.49	12.23	458.88	11.74
Depreciation	99.21	1.21	100.54	1.77	79.68	3.11	82.19	2.10
D. Earnings before interest, tax, and amortization (EBITA)	848.66	10.34	459.37	8.07	233.81	9.12	376.69	9.64
Finance charges	297.73	3.63	229.18	4.02	204.82	7.99	223.46	5.72
E. Profit before tax	550.93	6.71	230.19	4.04	28.99	1.13	153.23	3.92
Less: Tax expense								
Current tax	112.80	1.37	67.28	1.18	11.61	0.45	25.44	0.65
Deferred tax (credit) / charge	46.73	0.57	18.39	0.32	14.56	0.57	10.41	0.27
F. Profit after taxation	391.40	4.77	144.52	2.54	2.82	0.11	117.38	3.00

Comparison of Financial year 2011-12 with Financial Year 2010-11

➤ Income

The Total Income of the Company comprises of (i) Revenue from operations and (ii) Other Income

• Revenue from Operations

Revenue from operations comprises of income from manufactured products, Income from traded products & Income from Scrap sale. In FY 2011-12 our company derived ₹ 7,713.56 Lacs (93.95% of total revenue) as compared to ₹ 5,380.12 Lacs (94.46% of the Total revenue) in FY 2010-11. The Revenue from manufactured products increased 33.39% from ₹ 3489.31 Lacs in FY 2010-11 to ₹ 4654.59 Lacs in 2011-12, Income from traded products increased 35.18% from ₹ 1701.02 in FY 2010-11 Lacs to ₹ 2299.47 Lacs in FY 2011-12 and Income from Scrap sale increased 62.25% from ₹ 296.90Lacs in FY 2010-11 to ₹ 481.73 Lacs in FY 2011-12. The revenue from operations has witnessed a increase of 43.37% in FY 2011-12 as compared to FY 2010-11 on account of increased revenue from sale of manufactured products, trade products & scrap sale.

• Other Income

The Other Income comprises mainly of Import entitlements, Export Incentives, foreign Exchange fluctuation Gain, Interest earned on FD etc. The other income in FY 2011-12 increased 57.47% to ₹ 496.75 Lacs (6.05% of total Revenue) from ₹ 315.46 Lacs (5.54% of total revenue) in FY 2010-11. The increase in other income was mainly due to increase in income from import entitlements, export incentives and gain from foreign exchange rate fluctuation.

➤ Expenditure

The expenditure comprises of (i) Cost of goods sold, (ii) Employee benefit expenses and (iii) Other expenses.

• Cost of goods sold

The cost of goods sold for FY 2011-12 was ₹ 5776.33 Lacs and ₹ 3951.58 Lacs in FY 2010-11. The cost of goods sold as a percent of total income in FY 2011-12 was 70.35% as compared to 69.38% in 2010-11. Cost of goods sold comprises of cost of raw material and components consumed in manufacturing and purchase of traded goods. The increase in cost of goods sold was predominantly due to increase in cost of raw material and cost of goods purchased for trading.

- **Employee benefits expenses**

Employee benefit expenses for FY 2011-12 was ₹ 507.54 Lacs as against ₹ 353.42 Lacs in FY 2010-11. Employee benefit expenses as a percent of total income in FY 2011-12 was 6.18% as compared to 6.21% in FY 2010-11. Employee benefit expenses include salaries and incentives, director remuneration, staff welfare expenses, provident fund contribution, gratuity etc. The employee benefit expenses as a percent of total income remain same for FY 2011-12 as compared to FY 2010-11.

- **Other Expenses**

Other expenses for FY 2011-12 were ₹ 978.58 Lacs as against ₹ 830.67 Lacs in FY 2010-11. Other expenses as a percent of total income in FY 2011-12 were 11.92% as compared to 14.58% in FY 2010-11. Other expenses primarily include electricity expenses, commission paid, advertisement & publicity & travelling & conveyance etc. In absolute term the increase in other expenses was due to increase expenses on electricity and commission paid on goods sold.

- **Depreciation**

Depreciation for FY 2011-12 was ₹ 99.21 Lacs as against ₹ 100.54 Lacs for FY 2010-11. Depreciation as a percent of total income in FY 2011-12 was 1.21% as compared to 1.77% in FY 2010-11.

- **Finance Charges**

Finance charges for FY 2011-12 were ₹ 297.93 Lacs as against 229.18 Lacs for FY 2010-11. Finance charges as a percent of total income in FY 2011-12 was 3.63% as compared to 4.02% in FY 2010-11. Finance charges primarily include Interest expense & bank charges. In absolute term the finance charges escalated in FY 2011-12 due to increased interest payment on account increase in long term borrowings .

- **Profit before Tax**

Profit before tax was ₹ 550.93 Lacs in 2011-12 as against ₹ 230.19 Lacs in FY 2010-11, Profit before tax as a percent of total income increased from 4.04% in FY 2010-11 to 6.71% in FY 2011-12. The increase in profit before tax was predominantly due to increase in total sales, increased productivity and improved margins.

- **Tax**

Total Tax in FY 2011-12 was ₹ 159.53 Lacs as compared to ₹ 85.67 Lacs in FY 2010-11. The increase in tax was due to higher profits as a result of increase in revenue from operations of the company and increased deferred tax provisions.

- **Profit after Tax**

Net profit for FY 2011-12 was ₹ 391.40 Lacs or 4.77% of total income as compared to ₹ 144.52 Lacs or 2.54% of total income in FY 2010-11. The increase in Profit after tax is attributable to increase in total sales & improved profit margins.

Comparison of Financial year 2010-11 with Financial Year 2009-10

- **Income**

The Total Income of the Company comprises of (i) Revenue from operations and (ii) Other Income

- **Revenue from Operations**

Revenue from operations comprises of income from manufactured products, Income from traded products & Income from Scrap sale. In FY 2010-11 our company derived ₹ 5380.12 Lacs (94.46% of total revenue) as compared to ₹ 2439.44 Lacs (95.20% of the Total revenue) in FY 2009-10. The Revenue from manufactured products increased 84.11% from ₹ 1895.22 Lacs in FY 2009-10 to ₹ 3489.31 Lacs in 2010-11, Income from traded products increased 284.20% from ₹ 442.74 Lacs in FY 2009-10 to ₹ 1701.02 Lacs in FY 2010-11 and Income from Scrap sale increased 70.32% from ₹ 174.32 Lacs in FY 2009-10 to ₹ 296.90 Lacs in FY 2010-11. The revenue from operations has witnessed a increase of 43.37% in FY 2010 -11as compared to FY 2009-10 on account of increased revenue from sale of manufactured products, trade products & scrap sale.

- **Other Income**

The Other Income comprises mainly of Import entitlements, Export Incentives, foreign Exchange fluctuation Gain, Interest earned on FD etc. The other income in FY 2010-11 increased 156.26% to ₹ 315.46 Lacs (5.54 % of total Revenue) from ₹ 123.10 Lacs (4.80% of total revenue) in FY 2009-10. The increase in other income was mainly due to increase in income from import entitlements, export incentives and gain from foreign exchange rate fluctuation.

➤ **Expenditure**

The expenditure comprises of (i) Cost of goods sold, (ii) Employee benefit expenses and (iii) Other expenses.

- **Cost of goods sold**

The cost of goods sold for FY 2010-11 was ₹ 3951.58 Lacs and ₹ 1473.04 Lacs in FY 2009-10. The cost of goods sold as a percent of total income in FY 2010-11 was 69.38% as compared to 57.48% in 2009-10. Cost of goods sold comprises of cost of raw material and components consumed in manufacturing and purchase of traded goods. The increase in cost of goods sold was predominantly due to increase in cost of raw material and cost of goods purchased for trading.

- **Employee benefits expenses**

Employee benefit expenses for FY 2010-11 was ₹ 353.42 Lacs as against ₹ 245.23 Lacs in FY 2009-10. Employee benefit expenses as a percent of total income in FY 2010-11 was 6.21% as compared to 9.57% in FY 2009-10. Employee benefit expenses includes salaries and incentives, director remuneration, staff welfare expenses, provident fund contribution, gratuity etc. The employee benefit expenses as a percent of total income decreased on account of better productivity in manufacturing operations in FY 2010-11 as compared to FY 2009-10.

- **Other Expenses**

Other expenses for FY 2010-11 was ₹ 830.67 Lacs as against ₹ 530.76 Lacs in FY 2009-10. Other expenses as a percent of total income in FY 2010-11 was 14.58% as compared to 20.71% in FY 2009-10. Other expenses primarily include electricity expenses, commission paid, advertisement & publicity & travelling & conveyance etc. In absolute term the increase in other expenses was due to increase expenses on electricity and commission paid on goods sold.

- **Depreciation**

Depreciation for FY 2010-11 was ₹ 100.54 Lacs as against ₹ 79.68 Lacs for FY 2009-10. Depreciation as a percent of total income in FY 2010-11 was 1.77% as compared to 3.11% in FY 2009-10. In absolute term depreciation increased in FY 2010-11 as compared to FY 2009-10 on account of increase in fixed assets.

- **Finance Charges**

Finance charges for FY 2010-11 was ₹ 229.18 Lacs as against 204.82 Lacs for FY 2009-10. Finance charges as a percent of total income in FY 2010-11 was 4.02% as compared to 7.99% in FY 2009-10. Finance charges primarily include Interest expense & bank charges. In absolute term the finance charges escalated in FY 2010-11 due to increased interest payment on account increase in long term borrowings.

➤ **Profit before Tax**

Profit before tax was ₹ 230.19 Lacs in 2010-11 as against ₹ 28.99 Lacs in FY 2009-10, Profit before tax as a percent of total income increased from 1.13% in FY 2009-10 to 4.04% in FY 2010-11. The increase in profit before tax was predominately due to increase in total sales, increased productivity and improved margins on account of increase export orders and increase in domestic demand of company's products.

➤ **Tax**

Total Tax in FY 2010-11 was ₹ 85.67 Lacs as compared to ₹ 26.17 Lacs in FY 2009-10. The increase in tax was due to higher profits as a result of increase in revenue from operations of the company and increased deferred tax provisions.

➤ **Profit after Tax**

Net profit for FY 2010-11 was ₹ 144.52 Lacs or 2.54% of total income as compared to ₹ 2.82 Lacs or 0.11% of total income in FY 2009-10. The increase in Profit after tax is attributable to increase in total sales on account of increase export orders and increase in domestic demand of company's products.

Comparison of Financial year 2009-10 with Financial Year 2008-09

➤ **Income**

The Total Income of the Company comprises of (i) Revenue from operations and (ii) Other Income

• **Revenue from Operations**

Revenue from operations comprises of income from manufactured products, Income from traded products & Income from Scrap sale. In FY 2009-10 our company derived ₹ 2439.44 Lacs (95.20% of total revenue) as compared to ₹ 3576.18 Lacs (91.51% of the Total revenue) in FY 2008-09. The Revenue from manufactured products decreased 29.35% from ₹ 2682.60 Lacs in FY 2008-09 to ₹ 1895.22 Lacs in 2009-10, Income from traded products decreased 0.62% from ₹ 445.48 Lacs in FY 2008-09 to ₹ 442.74 Lacs in FY 2009-10 and Income from Scrap sale decreased 28.36% from ₹ 243.32 Lacs in FY 2008-09 to ₹ 174.32 Lacs in FY 2009-10. The revenue from operations has witnessed a decrease of 31.79% in FY 2009-10 as compared to FY 2008-09 on account of decrease in revenue from sale of manufactured products, trade products & scrap sale. The decrease in sale was predominantly due to decrease in demand from overseas customers particularly from Europe & US which faced economic slowdown in the year 2009.

• **Other Income**

The Other Income comprises mainly of Import entitlements, Export Incentives, foreign Exchange fluctuation Gain, Interest earned on FD etc. The other income in FY 2009-10 decreased 62.90% to ₹ 123.10 Lacs (4.80 % of total Revenue) from ₹ 331.83 Lacs (8.49% of total revenue) in FY 2008-09. The decrease in other income was mainly due to decrease income from import entitlements, export incentives and loss from foreign exchange rate fluctuation.

➤ **Expenditure**

The expenditure comprises of (i) Cost of goods sold, (ii) Employee benefit expenses and (iii) Other expenses.

• **Cost of goods sold**

The cost of goods sold for FY 2009-10 was ₹ 1473.04 Lacs and ₹ 2358.12 Lacs in FY 2008-09. The cost of goods sold as a percent of total income in FY 2009-10 was 57.48% as compared to 60.34% in 2008-09. Cost of goods sold comprises of cost of raw material and components consumed in manufacturing and purchase of traded goods. The decrease in cost of goods sold was predominantly due to decrease in raw material consumed on account of decrease in products manufactured.

• **Employee benefits expenses**

Employee benefit expenses for FY 2009-10 was ₹ 245.23 Lacs as against ₹ 320.76 Lacs in FY 2008-09. Employee benefit expenses as a percent of total income in FY 2009-10 was 9.57% as compared to 8.21% in FY 2008-09. Employee benefit expenses includes salaries and incentives, director remuneration, staff welfare expenses, provident fund contribution, gratuity etc. The employee benefit expenses decreased in absolute term on account of decrease in manufacturing activity of the company in FY 2009-10 as compared to manufacturing activity in FY 2008-09.

- **Other Expenses**

Other expenses for FY 2009-10 was ₹ 530.76 Lacs as against ₹ 770.25 Lacs in FY 2008-09. Other expenses as a percent of total income in FY 2009-10 was 20.71% as compared to 19.71% in FY 2008-09. Other expenses primarily include electricity expenses, commission paid, advertisement & publicity & travelling & conveyance etc. In absolute term the decrease in other expenses was due to decrease expenses on electricity and commission paid on goods sold.

- **Depreciation**

Depreciation for FY 2009-10 was ₹ 79.68 Lacs as against ₹ 82.19 Lacs for FY 2008-09. Depreciation as a percent of total income in FY 2009-10 was 3.11% as compared to 2.10% in FY 2008-09.

- **Finance Charges**

Finance charges for FY 2009-10 was ₹ 204.82 Lacs as against 223.46 Lacs for FY 2008-09. Finance charges as a percent of total income in FY 2009-10 was 7.99% as compared to 5.72% in FY 2008-09. Finance charges primarily include Interest expense & bank charges. In absolute term the finance charges decreased in FY 2009-10 due to decrease in bank charges on account of decrease in short term borrowings for working capital.

- **Profit before Tax**

Profit before tax was ₹ 28.99 Lacs in 2009-10 as against ₹ 153.23 Lacs in FY 2008-09, Profit before tax as a percent of total income decreased from 3.92% in FY 2008-09 to 1.13% in FY 2009-10. The decrease in profit before tax was predominantly due to decrease in total sales due to slowdown in export & domestic sales of company's products in FY 2009-10.

- **Tax**

Total Tax in FY 2009-10 was ₹ 26.17 Lacs as compared to ₹ 35.85 Lacs in FY 2008-09. The decrease in tax was due to lower profits as a result of decrease in revenue from operations of the company.

- **Profit after Tax**

Net profit for FY 2009-10 was ₹ 2.82 Lacs or 0.11% of total income as compared to ₹ 117.38 Lacs or 3.00% of total income in FY 2008-09. The increase in Profit after tax is attributable to decrease in total sales on account of decrease export orders.

MATERIAL DEVELOPMENTS SUBSEQUENT TO THE LAST PERIOD FOR WHICH FINANCIAL STATEMENTS HAVE BEEN AUDITED

In the opinion of our Board, there have not arisen since the date of the last financial statements i.e. March 31, 2012, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

RELATED PARTY TRANSACTIONS

For details please refer to "Financial Statements - Related Party Transactions" on page 114 of this Draft Red Herring Prospectus.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below, there are no outstanding or pending litigations, suits, criminal or civil prosecution, proceeding initiated for offences (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act) or litigation for tax liabilities against our Company, our Directors or our Promoters or companies promoted by our Promoters and there are no defaults to banks /financial institutions, non-payment of or overdue statutory dues, or dues towards holders of any debentures, bonds and fixed deposits and arrears of preference shares, other unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoters or Directors. Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company or our Promoters, Directors or companies promoted by our Promoters by concerned authorities, and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Further, except as stated herein, there are no cases of litigations, defaults, etc. in respect of companies/firms/ventures with which our Promoters were associated in the past but are no longer associated, in respect of which the name(s) of our Promoters continues to be associated with those litigation(s).

Nature of Litigations	No. of Cases	Extent of Liability/ Claim (in ₹ Lacs)
I. Instituted against our Company		
Criminal Proceedings	Nil	Nil
Civil Proceedings	2	2.46
Central Excise/	1	19.80
Labour Related Cases	12	8.43
II. Instituted by our Company		
Criminal Proceedings	7	11.24
Civil Proceedings	7	16.28
Income tax Act	5	15.37
Fringe benefit tax	2	1.40
Central Excise	1	3.59
III. Instituted by our Group Entities		
Criminal Proceedings	1	0.41
Civil Proceedings	1	1.47
IV. Litigation Against Independent Director (Criminal proceedings)	1	Amount unascertainable

LITIGATION RELATING TO OUR COMPANY

I. FILED AGAINST OUR COMPANY

1. Criminal Proceedings : Nil
2. Civil Cases - filed against our Company

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status / Next Date of Hearing
(a)	M/s Gobind Enterprises Case No.231/09	Civil Judge, Senior Division, Jagadhari.	M/s Gobind Enterprises, supplier of oil fired furnace table top type for chemical treatment, claiming an amount of ₹ 1,18,940 from us against outstanding dues. In response, our Company sent reply stating therein that the quality of goods supplied by Gobind Enterprises was poor because of which our	Our company has prayed before the Hon'ble Civil Judge to set aside the ex-parte order and allow contesting the case on merits.	November 22, 2012

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status / Next Date of Hearing
			Company* suffered losses. The plaintiff filed the suit for recovery before the Hon'ble Civil Judge wherein an Ex-Parte order was passed in favour of the plaintiff on June 03, 2011. Our company has filed an application to set aside ex-parte order and allow us to contest the case on merits		
(b)	M/s Uttam Road Line Vs. M/s.G B Tools & Forgings Limited	Civil Judge, Junior Division, Jalandhar	The plaintiff is dealing with the transport business and stated in its suit that since the month of May 2010, our Company availed the transport and carriage services of the plaintiff. He alleges that there is pending amount of ₹ 1,27,400 still outstanding in the books of the plaintiff against us and filed a suit for recovery	The plaintiff has filed a suit for recovery of ₹ 1,27,400.00 against our company in August 2012 wherein we have yet to file our reply on the appointed date.	October 11, 2012.

3. Litigations involving Tax laws

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
(a)	Revision Petition (CEA No 66/2011) filed by Commissioner of Central Excise Jalandhar	Hon'ble High Court of Punjab and Haryana, Chandigarh	The Assistant Commissioner vide its order no. 18-20/AC/2007 dated October 31, 2007 confirmed the demand raised by it vide its show cause notices for an total amount of ₹ 9,90,140 alongwith the penalty of ₹ 9,90,140 under rule 15 of the Cenvat Credit Rules, 2004 alleging that our company has wrongly availed the Cenvat Credit of service tax paid under the business auxiliary services in contra mention of Cenvat Credit Rules 2004. The order was set aside by Commissioner (Appeals), Customs and Central Excise. Jalandhar vide stay order dated April 29,2008, & by waving the condition of pre-deposit. Against stay in our favor the assistant commissioner appealed before commissioner (appeals) who vide its order dated August 27, 2008 allowed the appeal filed by our company. Central Excise and Service Tax Appellate Tribunal (CESTAT) vide its order no 987/2010-SM(PR)(PB) dated September 08, 2010 set aside/dismissed the appeals filed by the Commissioner of Central Excise Commissioner (CCEC) Jalandhar. Thereafter CCEC Jalandhar filed an application before the Hon'ble High Court of Punjab and Haryana to set aside the order passed by CESTAT)	Central Excise Commissioner Jalandhar has made civil revision petition on april 07, 2011 to set aside the order passed by CESTAT in favour of our company for demand of ₹9,90,140 alongwith the penalty of ₹ 9,90,140.	September 26, 2012.

4. Labour law cases filed against our Company

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
(a)	Avtar Singh Case No. 41/2005	Labour Commissioner Jalandhar	Gratuity claim of ₹ 60, 837 for 19 years of services up to September 25, 2005. In response to such application our Company has filed written statement stating that the applicant had worked only up to April, 1999 so the question of working till September, 2005 does not arise. Our Company further states that nothing is due to the applicant.	Mr. Avtar Singh claimed payment of gratuity of ₹ 60,837 which our company has denied as he worked till April 1999 and not till September 25, 2005	September 12, 2012.
(b)	Mr. Pritam Chand Case No. PGA 12/04	Assistant Labour Commissioner Jalandhar	For a claim of gratuity amounting to ₹ 19,471. Our Company has filed the written statement stating therein that on a division of business between the partners, the services of the applicant were taken over by respondent no. 2 with whom he continued to work till the year 2003. Application made against our Company is absolutely wrong, invalid and without any cause of action.	Payment of Gratuity of ₹ 19,471 to Mr. Pritam Chand which our has denied as he did not work with our company after division of business and Partnership	September 12, 2012.
(c)	Mr. Goga Case No. 196-99/2012	Labour Inspector, Jalandhar	Termination from service and for claim of unpaid salary, Bonus & Leave Wages amounting to ₹ 8,022/-.	Claim of ₹ 8,022/- for the unpaid salary, Bonus & Leave Wages by our company to Mr. Goga.	September 26, 2012.
(d)	Mr. Sanjeev Kumar Case No. 191 of 2010	Labour Court, Jalandhar	The Plaintiff has filed an application under Industrial Dispute Act, 1947 for illegal termination from service praying therein for reinstatement with continuity of service, full back wages and all other consequential benefits amounting to ₹ 5,066/-. Our Company has filed the written statement stating therein that we had never terminated the services of the claimant and he himself resigned from the job.	Reinstatement with continuity of service, full back wages and all other consequential benefits payment amounting to ₹ 5,066/- to the claimant, Mr. Sanjeev Kumar, which our company has denied because he had resigned from the services.	September 11, 2012.
(e)	Mr. Jaswant Singh Case No. PWA/4/5 2 –A	Assistant Labour Commissioner, Jalandhar	The application has been filed by the plaintiff under Industrial Dispute Act, 1947 for illegal termination from service praying therein for reinstatement with continuity of service, full back wages amounting to ₹ 11,265/-.	Reinstatement with continuity of service, full back wages amounting to ₹ 11,265/- to claimant Mr. Jaswant Singh.	October 11, 2012
(f)	Mr. Sarain Singh Case No. 41 of 2010	Labour Commissioner, Jalandhar	The application has been filed by Sarain Singh under Payment of Wages Act, 1936 praying therein for a direction for payment of his delayed wages i.e ₹ 11,640 and compensation amounting to ₹ 1,16,400 at the tune of ten times. Our Company filed written statement stating therein that applicant had already received all his dues from our Company,	Delayed wages i.e ₹ 11,640 and compensation amounting to ₹ 1,16,400 at the tune of ten times by Mr. Sarain Singh wherein our Company has filed written statement stating therein that the applicant had already received all	The matter is pending for hearing on September 12, 2012

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
			and nothing is due on our part.	his dues	
(g)	Mr. Satpal Singh Case No. 40 of 2011	Industrial Tribunal cum Labour Court, Jalandhar	The application for setting aside the Ex-parte proceedings dated July 29, 2011. Later the case was settled out of court by making payment to Satpal Singh amounting ₹ 11,631/-	Case was settled out of court by making payment to Satpal Singh	The case is pending for disposal
(h)	Mr. Santosh Yadav Vs. M/s.G B Tools & Forgings Limited Case No. WCA 12 of 2007	Workmen Compensation Act cum Assistant Labour Commissioner, Jalandhar	The application has been filed by plaintiff for claim of compensation due to accident while at work amounting ₹ 5,00,000 as compensation plus ₹ 1,00,000 of medical treatment alongwith penalty of 100% and 24% p.a. rate of interest from the date of accident till realization. Our company has stated that the applicant had not met with any accident while working with us and the claim is baseless and non maintainable.	Amount of ₹ 5,00,000 as compensation plus ₹ 1,00,000 of medical treatment alongwith penalty of 100% and interest @24% which our company has denied/contended.	September 26, 2012.
(i)	Mr. Rakesh Kumar Vs. M/s.G B Tools & Forgings Limited Case No. R279/03	Industrial Tribunal, Jalandhar	Amount involved ₹ 3,000 /-	Settled out of court	Pending for disposal by court
(j)	Mr. Joginder Case no 219/2009	Presiding Officer, Labour Court & Controlling Authority, Jalandhar	Amount Involved ₹ 4,294	Settled out of court	Pending for disposal by court
(k)	Mr. Sushil Kumar	Presiding Officer, Industrial Tribunal cum Labour Court, Jalandhar	Amount Involved ₹ 7,152/-,	Settled out of court	Pending for disposal by court
(l)	Mr. Rajinder, dudeela & others Case No 167/2008	Presiding Officer, Industrial Tribunal & Controlling Authority, Jalandhar	Amount Involved ₹ 9,850/-	Settled out of court	Pending for disposal by court

* All the labor cases were filed against M/s Ambika Forging, erstwhile name of the firm which got converted into a limited company under Part IX of the Companies Act, 1956

II. PREFERRED BY OUR COMPANY

1. Litigations involving Criminal Laws

Cases filed by our Company under Section 138 of Negotiable Instruments Act, 1881

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
(a)	M/s.S K Trading Company & its Proprietor Mr. Arvind Kumar	Judicial Magistrate First Class, Jalandhar	Our Company maintained a running account in which there is an outstanding amount of ₹ 3,84,771 against the accused. The accused issued a cheque bearing no. 411340 dated September 01, 2009 for ₹ 3,84,771 in order to discharge the abovementioned debt amount. Our Company presented the said cheque with its banker but the same was returned unpaid with remarks "Payment Stopped by the Drawer". After dishonouring of the cheque, our Company through its counsel issued a legal notice dated October 22, 2009 to the accused but in spite of the legal notice the accused has failed to make the payment and filed the civil suit.	Recovery of ₹ 3,84,771	The case has been fixed for hearing on October 23, 2012
(b)	M/s.K K Industries Corporation & its MD/ Sole proprietor Mr. Suresh Kumar Gupta Case No. 1005/2/10	Judicial Magistrate First Class, Jalandhar	Our Company maintained a running account in which there is an outstanding of ₹ 3,22,668/- against the accused. The accused issued a cheque bearing no. 220930 dated December 15, 2009 for ₹ 1,00,000 in order to discharge the part of abovementioned debt amount. Our Company presented the said cheque but the same was returned unpaid with remarks "Funds Insufficient". our Company through its counsel issued a legal notice dated March 08, 2010 to the accused but in spite of the legal notice the accused has failed to make the payment. Therefore our Company has filed this complaint praying therein that the accused may kindly be summoned, tried, and punished according to law. The Court vide its order dated August 04, 2011 declared the accused as proclaimed offender with a direction that the case shall be revived as and when accused is produced by police after his arrest or he himself surrenders before the Court.	Recovery of ₹ 1,00,000/-	No progress in the case as the party has been declared a proclaimed offender .
(c)	Mr. Narinder Singh Tony Case No. 265/2/4	Judicial Magistrate First Class, Jalandhar	The accused was working as an agent with our Company and took the advance from our Company. In order to satisfy such aforesaid debt the accused issued a cheque of ₹ 83,550 bearing No.	Recovery of ₹ 1,03,550 in favour of our company	No progress in the case as the party has been declared a

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
			648930 dated December 23, 2003 drawn on HDFC Bank Limited. The cheque was issued with assurance that the same would be encashed. Our Company presented the said cheque with its banker but the same was returned unpaid with remarks "Funds Insufficient". After dishonouring of the cheque, our Company issued a legal notice to the accused and the accused issued another cheque of ₹ 20,000 which was also dishonoured for which the separate legal notice was given to the accused. In spite of the legal notice the accused has failed to make the payment. Therefore our Company has filed this complaint praying therein that the accused may kindly be summoned and tried and punished according to law. The Court vide its order dated February 29, 2012 declared the accused as proclaimed offender with a direction that the case shall be revived as and when accused is produced by police after his arrest or he himself surrenders before the Court.		proclaimed offender .
(d)	M/s.Yusuf Enterprises & its partner/proprietor Mr. Saffi Ahmed Ali Vs. M/s.G B Tools & Forgings Case No. 79/12	Judicial Magistrate First Class, Jalandhar	There is an outstanding of ₹ 3,53,250 against the accused on account of the purchase of Hand Tools and Power Tools. The accused issued a cheque bearing no. 000160 dated August 01, 2011 for a sum of ₹ 3,20,892 in order to discharge the part of the debt amount. Our Company presented the said cheque with its banker but the same was returned unpaid with remarks "Payment Stopped by the Drawer". After dishonouring of the cheque, our Company through its counsel issued a legal notice dated February 01, 2012 to the accused but in spite of the legal notice the accused has failed to make the payment. Therefore, our Company has filed this complaint praying therein that the accused may kindly be summoned, tried, and punished according to law.	Recovery of ₹ 3,20,892 in favour of our company	September 27, 2012
(e)	Mr. Surinder Singh proprietor of M/s S K Engineering Company	Judicial Magistrate First Class, Jalandhar	Our Company maintained a running account in which there is an outstanding of ₹ 1,13,174 against the accused. The accused issued a cheque bearing no. 393787 dated May 30, 2009 for a sum of ₹ 1,13,174 in order to discharge the	Recovery of ₹ 1,13,174 in favour of our company	No progress

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
			debt amount. Our Company presented the said cheque with its banker but the same was returned unpaid with remarks "Stopped Payment". After dishonouring of the cheque, our Company through its counsel issued a legal notice dated June 13, 2009 to the accused but in spite of the legal notice the accused has failed to make the payment. Therefore, our Company has filed this complaint praying therein that the accused may kindly be summoned, tried, and punished according to law. Non Bailable Warrant has been issued against the accused on July 14, 2010.		
(f)	Mr. Yash Gupta, proprietor of M/s Gupta Traders	Judicial Magistrate First Class, Jalandhar	The accused have established business relations with our Company and on account of the business relations the accused used to purchase Power Tools from our Company on credit basis. Our Company maintained a running account in which there is an outstanding of ₹ 50,395 against the accused. The accused issued a cheque bearing no. 048425 dated May 21, 2009 for a sum of ₹ 50,395 in order to discharge the debt amount. Our Company presented the said cheque with its banker but the same was returned unpaid with remarks "Funds Insufficient". After dishonouring of the cheque, our Company through its counsel issued a legal notice dated May 29, 2009 to the accused but in spite of the legal notice the accused has failed to make the payment. Therefore, our Company has filed this complaint praying therein that the accused may kindly be summoned, tried, and punished according to law. The payment has since been made by the accused	Payment has been made by the accused of R	pending for disposal by the Court
(g)	M/s. Guru Kirpa Traders & its proprietor Mr. Yogesh	Judicial Magistrate First Class, Jalandhar	The accused have business relations with our Company and on account of the business relations the accused had purchased Power tools from our Company. There is an outstanding of ₹ 1,01,979 against the accused on account of receiving of Power Tools. The accused issued a cheque bearing no. 036001 dated May 30, 2009 for a sum of ₹ 1,01,979 in order to discharge the debt amount. Our Company presented the said cheque with its banker but the	Recovery of ₹ 1,01,979 in favour of our company	No progress in the case as the party has been declared a proclaimed offender .

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
			same was returned unpaid with remarks "Funds Insufficient". After dishonouring of the cheque, our Company through its counsel issued a legal notice dated July 29, 2009 to the accused but in spite of the legal notice the accused has failed to make the payment. Therefore, our Company has filed this complaint praying therein that the accused may kindly be summoned, tried, and punished according to law. The Court vide its order dated January 14, 2011 declared the accused as proclaimed offender with a direction that the case shall be revived as and when accused is produced by police after his arrest.		

* In the name of Ambika Forgings, erstwhile name of the firm which got converted into a limited company under Part IX of the Companies Act, 1956.

2. Litigations involving Civil Laws

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
(a)	M/s.Right Machine Tools and Mr. Munid, Proprietor Case No. 378/2009	Civil Judge (Sr.Divn), Jalandhar	Our Company supplied goods worth ₹ 4,43,816 to the defendants, having established business relations with us and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Our Company has issued a legal notice dated October 22, 2009 to the defendants and inspite of the legal notice the defendants have failed to make the payment Therefore our Company has filed this suit praying therein that the suit for recovery of ₹4,97,074 (including interest of ₹ 53,258) may kindly be decreed in favour of our company. The payment has since been paid by defendant and the case is pending for disposal	Payment received	case is pending for disposal by the Court.
(b)	M/s. Aggarwal Enterprises and its Prop. Mr. Anil Aggarwal Case No. B661/2010	Civil Judge (Sr.Divn), Jalandhar	Our Company supplied goods to the defendants worth ₹ 6,46,160 and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Our Company has issued a legal notice dated April 5, 2010 to the defendants and inspite of the legal notice the defendants have failed to make the payment. Therefore our Company has filed this civil suit praying therein that the suit for recovery of ₹ 6,46,160 may kindly be decreed in favour of our Company.	Recovery of ₹ 6,46,160/-	For evidence September 14, 2012

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
(c)	M/s. Gajraj Tools and Machinery & its director Mr. Raj Kumar Case No. 247/2009	Civil Judge (Jr.Divn), Jalandhar	The defendants has established business relations with our Company and used to purchase goods from us on credit basis. Our Company supplied goods to the defendants worth ₹ 1,45,258 and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Our Company has issued a legal notice dated September 2, 2009 to the defendants and inspite of the legal notice the defendants have failed to make the payment Therefore our Company has filed this civil suit praying therein that the suit for recovery of ₹1,69,225 (including interest of ₹ 23,967) may kindly be decreed in favour of our Company.	Recovery of ₹ 1,69,225 (including interest of ₹ 23,967)	September 26, 2012.
(d)	M/s. Supreme Tools Centre and & its partner Mr. Tahir Putli Case No. 366/2009	Civil Judge (Jr.Divn), Jalandhar	The defendants has established business relations with our Company and used to purchase goods from us on credit basis. Our Company supplied goods to the defendants worth ₹ 38,173/- and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Our Company has issued a legal notice dated September 2, 2009 to the defendants and inspite of the legal notice the defendants have failed to make the payment. Therefore our Company has filed this civil suit praying therein that the suit for recovery of ₹ 46,189/- (including interest) may kindly be decreed in favour of our Company.	Recovery of ₹ 46,189 (including interest)	September 11, 2012
(e)	M/s.Soni Enterprises & its proprietor. Mr. Rajeev Soni Case No. 52/2009	Civil Judge (Sr.Divn), Jalandhar	Our Company supplied goods to the defendants worth ₹ 1,58,584 and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Our Company has issued a legal notice dated August 7, 2009 to the defendants and inspite of the legal notice the defendants have failed to make the payment. Therefore our Company has filed this civil suit praying therein that the suit for recovery of ₹ 1,87,129 (including interest of ₹ 28,545) may kindly be decreed in favour of our Company.	Recovery of ₹ 1,87,129 (including interest of ₹ 28,545)	September 18, 2012.
(f)	M/s.Adarsh Industrial Syndicate & its proprietor Mr. Upinder Case No. 413/11	Civil Judge (Sr.Divn), Jalandhar	Our Company supplied goods to the defendants worth ₹ 12,662 and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Our Company has issued a legal notice dated April 5, 2010 to the defendants and inspite of the legal notice the defendants have failed to make the payment. Therefore our Company has filed this civil suit praying therein that the suit for recovery of ₹ 12,662 may kindly be decreed in favour of the plaintiff. The payment has since been made	Payment Made to our company	the case is pending for disposal by the Court.

S. No.	Name of the party and case No.	Court	Brief Particulars	Relief Sought	Status/ Next Date of Hearing
(g)	M/s.Sonia Hardware and Tools and another Case No. 172/11	CJJD, Jalandhar	The defendants established business relations with our Company and used to purchase goods from us on credit basis. Our Company supplied goods to the defendants worth ₹ 82,578 and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Our Company has issued a legal notice dated August 7, 2009 to the defendants and inspite of the legal notice the defendants have failed to make the payment. Therefore, our Company has filed this civil suit praying therein that the suit for recovery of ₹ 82,578 may kindly be decreed in favour of our Company.	Recovery of ₹ 82,578/-	The case has been fixed for our evidence on September 18, 2012.

* In the name of Ambika Forgings, erstwhile name of the firm which got converted into a limited company under Part IX of the Companies Act, 1956.

3. Litigations involving Civil Laws

(a) Appeals relating to Income Tax, filed against the order passed u/s 143(3) of the Income Tax Act

(i) Assessment Year 2004-2005

The Deputy Commissioner of Income Tax, Range-III, Jalandhar vide its order dated December 26, 2006 passed u/s 143(3) of the Income Tax Act disallowed the deduction claimed by our Company* u/s 80HHC of the Income Tax Act and travelling expenses, being shown in the books of accounts of our Company and accordingly, issued a notice of demand for ₹ 670,620. Aggrieved by the order of DCIT, Range-III, our Company preferred an appeal (Appeal No: 575/06-07/CIT(A)/Jal) before the Commissioner of Income Tax (Appeals), Jalandhar on January 24, 2007, which was partly allowed by rejecting the addition of travelling expenses in the total income of our Company and partly disallowed by upholding the action of DCIT, Range-III in disallowing the deduction claimed u/s 80HHC, vide its order dated November 28, 2008. Being aggrieved, our Company preferred an appeal (I.T.A. No. 118(ASR)/2009) before Income Tax Appellate Tribunal, Amritsar and the ITAT vide its order dated September 23, 2009 by setting aside the matter under consideration to the Assessing Officer directed to decide the case in the light of already settled cases with identical facts after giving opportunity to our Company. Aggrieved by the order of ITAT, Amritsar the Commissioner of Income Tax on January 28, 2010, filed an appeal (Appeal no: 302/2010) u/s 260A of the Income Tax Act, 1961 before the Hon'ble High Court of Punjab and Haryana, Chandigarh challenging the order passed by the ITAT, Amritsar. The Hon'ble High Court, based on the findings of the Hon'ble Bombay High Court in various cases having identical facts, in its order dated August 16, 2010 along with the bunch of similar matters, remanded back the case to the ITAT, Amritsar for its fresh decision in accordance with the law. Accordingly the ITAT, Amritsar vide its order dated December 24, 2010 dismissed the appeal filed by our Company and directed the Assessing Officer to compute the deduction u/s 80HHC in the light of the decision made by the Hon'ble Bombay High Court in a case having identical facts. After that the Dy. Commissioner of Income Tax, Circle-III, Jalandhar raised a demand of ₹ 44,617 vide its notice of demand dated March 14, 2012 issued u/s 156 of the Income Tax Act. Aggrieved by the order of ITAT, Amritsar, our Company filed an appeal (Appeal no: 399/2011) u/s 260A of the Income Tax Act, 1961 before Hon'ble High Court of Punjab and Haryana, Chandigarh on April 18, 2011. The Hon'ble High Court vide its order dated March 20, 2012, disposed off the said appeal in the favour of our Company in the light of the judgment of Hon'ble Supreme Court in the case having identical facts and remanded back the case to the concerned Assessing Officer with a direction to compute the deduction u/s 80HHC in accordance with the law. On basis of such order the Assessing Officer has asked our Company to file an application after re-computing the cost and selling price of DEPB for the purposes of deduction u/s 80HHC of Income Tax Act. Our Company is in the process of filing application for re-computation of refund and also a vacation application for vacating the demand of ₹ 44,617 raised on our Company, before the Income Tax department. **Amount Involved: ₹ 44,617/-.**

(ii) Assessment Year 2006-2007

The Additional Commissioner of Income Tax, Range-III, Jalandhar vide its order dated December 30, 2008 passed u/s 143(3) of the Income Tax Act disallowed the deduction claimed on account of premium paid on keyman insurance policy. A notice of demand of ₹ 3,90,455 was raised by ACIT, Range-III vide its notice of demand dated December 30, 2008. Aggrieved by such order our Company* preferred an appeal (Appeal No: 517/06-07/CIT(A)/Jal.) before the Commissioner of Income Tax (Appeals), Jalandhar on January 19, 2009. The Commissioner of Income Tax (Appeals), Jalandhar dismissed the appeal by upholding the action of Assessing Officer in disallowing the deduction of the premium of ₹ 10,00,000 paid as keyman insurance premium, vide its order dated November 23, 2011. Being aggrieved, our Company has preferred an appeal before Income Tax Appellate Tribunal, Amritsar, which is still pending. **Amount Involved:** ₹ 390,455.

(iii) Assessment Year 2007-2008

The Additional Commissioner of Income Tax, Range-III, Jalandhar vide its order dated March 31, 2009 passed u/s 143(3) of the Income Tax Act disallowed the deduction claimed on account of premium paid on keyman insurance policy. A notice of demand of ₹ 3,36,600 was raised by ACIT, Range-III vide its notice of demand dated March 31, 2009. Aggrieved by such order our Company* preferred an appeal (Appeal No: 42/09-10/CIT(A)/Jal.) before the Commissioner of Income Tax (Appeals), Jalandhar on April 23, 2009. The Commissioner of Income Tax (Appeals), Jalandhar based on the appellate order passed for the assessment year 2006-07 in Appeal No. 517/08-09/CIT(A)/Jal. having the identical disallowance of ₹ 10,00,000 paid as keyman insurance premium, dismissed the appeal by upholding the action of Assessing Officer, vide its order dated February 24, 2012. Being aggrieved, our Company has preferred an Appeal before Income Tax Appellate Tribunal, Amritsar, which is still pending. **Amount Involved:** ₹ 336,600.

(iv) Assessment Year 2008-2009

The Additional Commissioner of Income Tax, Range-III, Jalandhar issued a notice u/s 143(2) of the Income Tax Act dated September 08, 2009 which was served on our Company* on September 15, 2009 followed by the notices u/s 143(2) & 143(1) of the Income Tax Act dated November 24, 2009, served on our Company on November 30, 2009 for scrutiny of the accounts of our Company. The Additional Commissioner of Income Tax, Range III, Jalandhar vide its order dated October 29, 2010 made an addition of ₹ 14,51,664 in the total income of our Company on the ground of non-maintenance of proper stock details and non-availability of any basis for valuation of opening and closing stock, unvouched foreign travelling and foreign exhibition expenses and other unvouched miscellaneous expenses being shown in the books of accounts of our Company. In the said order the Additional Commissioner of Income Tax also directed to the Dy. Commissioner of Income Tax, Circle-III, Jalandhar to charge the interest u/s 234A and 234B of the Income Tax Act and initiate the penalty proceeding u/s 271(1)(c) of the Income Tax Act. The Addl. Commissioner of Income Tax raised a demand of ₹ 5,87,658 vide its notice of demand dated October 29, 2010. Being aggrieved, our Company has preferred an Appeal before the Commissioner of Income Tax (Appeals), Jalandhar in November, 2010, which is still pending. **Amount Involved:** ₹ 587,658.

(v) Assessment Year 2009-2010

The Deputy Commissioner of Income Tax, Range-III, Jalandhar issued a notice u/s 143(2) of the Income Tax Act dated August 23, 2010 which was served on our Company* on August 31, 2010. Subsequently the notices u/s 143(2) & 143(1) of the Income Tax Act dated June 23, 2011 which were served on our Company on June 27, 2011 were issued for scrutiny of the accounts of our Company. The Additional Commissioner of Income Tax, Range III, Jalandhar vide its order dated December 16, 2011 made an addition of ₹ 7,04,069 in the total income of our Company on the ground of non-maintenance of proper stock details and non-availability of any basis for valuation of opening and closing stock, unvouched foreign travelling expenses and other unvouched miscellaneous expenses being shown in the books of accounts of our Company. In the said order the Additional Commissioner of Income Tax also directed to the Dy. Commissioner of Income Tax, Circle-III, Jalandhar to charge the interest u/s 234A and 234B of the Income Tax Act and initiate the penalty proceeding u/s 271(1)(c) of the Income Tax Act. As a result a demand of ₹ 1,76,891 was raised by the Additional Commissioner of Income Tax vide its notice of demand dated December 16, 2011. Being aggrieved, our Company has preferred an

Appeal before the Commissioner of Income Tax (Appeals), Jalandhar on December 30, 2011, which is still pending. **Amount Involved:** ₹ 176,891

(b) Appeals relating to Fringe Benefit Tax, filed against the order passed u/s 115WE(3) of the Income Tax Act, 1961

(i) Assessment Year 2008-2009

The notice u/s 115WE(2) of the Income Tax Act was issued and served on our Company* on September 29, 2008 for scrutiny of the accounts of our Company. The Additional Commissioner of Income Tax, Range III, Jalandhar vide its order dated October 29, 2010 made an addition of ₹ 2,25,438 in the amount chargeable under Fringe Benefit Tax due to non inclusion of certain Advertisement & Publicity and Workers Welfare Expenses for FBT purpose. Consequently the Dy. Commissioner of Income Tax, Circle-III, Jalandhar raised a demand of ₹ 1,00,380 vide its notice of demand dated October 29, 2010. Being aggrieved, our Company has preferred an Appeal before the Commissioner of Income Tax (Appeals) on December 10, 2010, which is still pending. **Amount Involved:** ₹ 100,380/-.

(ii) Assessment Year 2009-2010

The notice u/s 115WE(2) of the Income Tax Act was issued and served on our Company* on August 31, 2010 for scrutiny of the accounts of our Company. The Additional Commissioner of Income Tax, Range III, Jalandhar vide its order dated December 16, 2011 made an addition of ₹ 80,346 in the amount chargeable under Fringe Benefit Tax due to non inclusion of certain Advertisement & Publicity and Workers Welfare Expenses for FBT purpose. Consequently the Additional Commissioner of Income Tax raised a demand of ₹ 40,170 vide its notice of demand dated December 16, 2011. Being aggrieved, we have preferred an Appeal before the Commissioner of Income Tax (Appeals) on December 30, 2011, which is still pending. **Amount Involved:** ₹ 40,170/-

* In the name of Ambika Forgings, erstwhile name of the firm which got converted into a limited company under Part IX of the Companies Act, 1956.

(c) Litigation involving Indirect Tax Laws:

(i) Appeal filed under Central Excise Act, 1944

The Joint Commissioner of Central Excise Commissionerate, Jalandhar issued two show cause notices dated April 29, 1994 (for the period from Dec, 93 to Jan, 94) and August 29, 1994 (for the period from Feb, 94 to Jul, 94) to our Company* raising a demand of ₹ 5,15,225 and ₹ 9,83,624 respectively (total amounting to ₹ 14,98,849) by alleging that our Company had wrongly availed the exemption under notification no.171/88-CE dated May 13, 1988 and no. 214/86-CE dated March 25, 1986 in respect of waste and scrap sent to job workers from Iron and Steel generated during the course of manufacture of Hand Tools. Our Company submitted its reply on May 25, 1994 and December 15, 2003 stating therein that the department had vide its letter dated May 14, 1992 granted the necessary permission to our Company for availing the aforesaid credit. The Joint Commissioner of Central Excise Commissionerate vide its order-in-original no. 83-84/CE/JC/03 dated December 24, 2003 reduced the demand of duty to ₹ 6,72,043 (₹ 2,75,590 & ₹ 3,96,453) by vacating the demand of duty of ₹ 8,26,806 (₹2,39,635 & ₹5,87,171) on the 'Bars & Rods' not manufactured by our Company. Aggrieved by the order passed by the Joint Commissioner of Central Excise Commissionerate, our Company preferred an appeal (Appeal no. 92/CE/APPL/JAL/2004/3220) before the Commissioner (Appeals), Central Excise, Jalandhar on February 24, 2004, praying therein to set aside the said order and grant a relief to our Company. Our Company also filed a stay application before Commissioner (Appeals) along with the said appeal for waiver of condition for pre-deposit of dues, which was allowed vide stay order no. 157/CE/Stay/Jal/2004 dated June 30, 2004 by waiving the condition of pre-deposit u/s 35F of the Central Excise Act 1944 subject to our Company shall have to deposit an amount of ₹ 3,58,500 towards duty. Accordingly our Company paid the said amount on July 31, 2004 vide challan no. AF/2004-2005-/02. Further the Commissioner (Appeals) vides its order-in-appeal no. 586/CE/Jal/2004 issued under CNo. 92/CE/JAL/04/3220 dated December 24, 2004, because of the failure of our Company to furnish the records relating to purchase of Bars & Rods from the market and payment of duty on the same, granted partial relief to our Company by setting aside the demand of ₹ 3,13,588 and reducing the

demand of duty to ₹ 3,58,455 (₹ 2,75,590 & ₹ 82,865). Being aggrieved by the order of Commissioner (Appeals), our Company have filed an appeal before Central, Excise and Service Tax Appellate Tribunal, New Delhi vide appeal no. E/1165/2005 – EX[DB] on March 21, 2005 praying therein to set aside the order of Commissioner (Appeals) and consequential relief thereto be allowed to our Company, which is pending. The next date of hearing has been fixed on December 12, 2012. **Amount involved:** ₹ 358,500 and interest thereon.

* In the name of Ambika Forgings, erstwhile name of the firm which got converted into a limited company under Part IX of the Companies Act, 1956.

III. LITIGATIONS RELATING TO OUR GROUP COMPANIES

Preferred by our Group Companies

(i) Litigations involving Criminal Laws

Ambika Exports alongwith its proprietor Mr. Gian Bhandari has filed case No. 5543/2/09 before JMFC, Jalandhar, against Mr. Mohit Modi, proprietor of M/s Shri G Enterprises (“the Accused”). The accused have established business relations with Ambika Exports and on account of the business relations the accused used to purchase Power Tools from Ambika Exports on credit basis. Ambika Exports maintained a running account in which there is an outstanding of ₹ 40,549 against the accused. The accused issued a cheque bearing no. 359213 dated May 20, 2009 for a sum of ₹ 40,549 in order to discharge the debt amount. Ambika Exports presented the said cheque with its banker but the same was returned unpaid with remarks “Exceed Arrangement”. After dishonouring of the cheque, Ambika Exports through its counsel issued a legal notice dated May 29, 2009 to the accused but in spite of the legal notice the accused has failed to make the payment. Therefore Ambika Exports has filed this complaint praying therein that the accused may kindly be summoned, tried, and punished according to law. The Court vide its order dated February 25, 2011 declared the accused as proclaimed offender with a direction to the police to apprehend the accused and further ordered that the proceedings shall revived as and when accused is arrested. There has been no progress in the case since then. Amount involved: ₹ 40,549

(ii) Litigations involving Civil Laws

Ambika Exports alongwith its proprietor Mr. Gian Bhandari has filed case No 812/2009 before Civil Judge (Jr.Divn), Jalandhar against Delhi Belting Company & its proprietor Mr. Bindu (“the Defendants”). The defendants has established business relations with Ambika Exports and used to purchase goods on credit basis. Ambika Exports supplied goods to the defendants worth ₹ 1,08,264 and requested the defendants many times to make the payment but the defendants refused to make the above said payment. Ambika Export has issued a legal notice dated August 7, 2009 to the defendants and inspite of the legal notice the defendants have failed to make the payment. Therefore Ambika Exports has filed this civil suit praying therein that the suit for recovery of ₹ 1,47,239 (including interest) may kindly be decreed in its favour. The next date of hearing is fixed on September 10, 2012. **Amount involved:** ₹ 1,47,239 (including interest of ₹ 38,975)

IV. LITIGATIONS RELATING TO DIRECTORS OF OUR COMPANIES

(i) Litigations against the Director(s) of our Company

A criminal case no. 2 / 07 (RC/8(A)/ 06) has been pending against Mr. M. S. Kapur, director of our company before Additional Session Judge at Ernakulum, Kerela. The Central Bureau of Investigation (CBI) has filed a charge sheet against Mr M S Kapur, the former Chairman and Managing Director of Vijaya Bank (along with two other officers of the Bank) under section 11,13(2) r/w 13(1)(d) of Prevention of Corruption Act on the charges of accepting a gift valued ₹ 70,000 in consideration of sanction of loan of ₹ 85 lakhs, sanctioned 5 months earlier than the day of allegation by then Regional Manager, Ernakulum, to one Mrs. Saili. The Matter is pending before the court.

OTHER DISCLOSURES

Our promoters, their relatives (as per Companies Act, 1956), group companies, associate companies are not declared as wilful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Our Company, promoters, directors or any of our Company's Associates or Group companies or other ventures of the promoters and companies with which the directors of our Company are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

MATERIAL DEVELOPMENT

In the opinion of our Board, there have not arisen since the date of the last financial statements i.e. March, 2012, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next 12 months.

AMOUNT OWED TO SMALL SCALE INDUSTRIAL UNDERTAKINGS AND OTHER CREDITORS

The outstanding dues payable to small scale industries and other creditors, as on March 31, 2012, which are more than 30 days old are as under.

Name of Parties	Amount (in ₹ lakhs)
K. J. Steel Rolling Mills	275.50
Kanadh Steels	142.60
Atul Kumar Rohit Kumar	78.77
A. K. Traders	40.82
National Printing Press	26.14
Bharat Enterprises	25.38
Fairdeal Agencies	23.67
Vijay Kumar Parbodh Chander	16.55
Satindra International	15.26
Kamla Co	15.12
The Krishna American oil co.(purchase a/c)	13.04
Shri Mahavir Industries	9.63
B.K. Steel Co.	9.03
Jullundur Iron Store	8.86
Kumar Sons	8.26
Mahamaya Agency	7.81
National Industrial Complex	7.09
Arpit Enterprises	6.94
Ghuliani Gas Service	6.87
Sumeer Udyog	6.59
Watson International	6.36
Sandeep Enterprises	6.25
Shree Banke Bihari Trading Co.	5.76
A.R. Electroplating Works	4.61
Urva Constructions Co.	4.22
Steelage India	3.99
J. H. Metals	3.91
Birbal Dass Parkash Chand	3.43
Maha Luxmi Paints & Chemicals	3.28
Padmawati Mfg. Co.	3.25
Heera Castings	3.16
N.S. Hydraulics (india)	2.90
Neelam Packers	2.82
Eltecks	2.77

Sharma Industries	2.46
Kapil Stamps Maker	2.45
A.K. Plastic	2.40
Venus Plastic Industries	2.37
Nitco Roadways Pvt. Ltd.	2.17
Umesh Traders	2.15
Sungrace Plastics	2.06
Param Turning Works	1.97
Kusam Enterprises	1.96
S. R. Enterprises	1.93
Shree Ram Bearing Traders	1.89
Jainson Rubber Industries	1.83
Mm Udyog	1.69
Padmawati Matnufacturing Co.	1.69
Shreeji Enterprises	1.67
Hyco Tools (India)	1.61
Jiwan International	1.56
Chakshu Enterprises	1.55
Sudhir Tools & Surgical Trdg Co.	1.46
Pritam Steel Corporation	1.34
K.G. Printpack Pvt. Ltd.	1.33
J.K. Leather & Plastics	1.17
Excellent Surfins	1.15
A.R. Sports	1.14
Realpack Solutions	1.08
Bhambra Brothers	1.05
Grace Packagings	1.01
Total	846.78

GOVERNMENT AND OTHER APPROVALS

Our Company has the following licenses, permits and registrations for conducting the business.

A. Under the Companies Act, 1956

S. No.	Date of approval	Authority granting approval	Registration No. / CIN	Applicable law	Nature of approval	Valid Upto
1.	15/02/2011	Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh	U27300PB2011PLC034689	Companies Act, 1956	Certificate of Incorporation as G B Tools & Forgings Limited	Valid Until Cancelled
2.	03/03/2011	Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh	U27300PB2011PLC034689	Companies Act, 1956	Certificate of Commencement of business	Valid Until Cancelled

B. Under Direct & Indirect Tax Laws

S. No.	Date of approval	Authority granting approval	Approval/ Regn. No.	Applicable law	Nature of approval	Valid Upto
1.	04/03/2011	Income Tax Department	PAN No. AAECG1213E	Income Tax Act, 1961	Allotment of Permanent Account Number (PAN)	Valid Until Cancelled
2.	22/03/2011	Income Tax Department	TAN No. JLDG04350D	Income Tax Act 1961	Allotment of Tax Deduction Account Number (TAN)	Valid Until Cancelled
3.	Effective 01/04/2005	Excise & Taxation Officer, Jalandhar-II	03061063819	Punjab VAT Act, 2005	VAT Registration	Valid Until Cancelled
4.	28/01/2012 w.e.f. 09/03/2010	Excise and Taxation Officer-cum-Assessing Authority, Dehra Circle Dehra (Kangra), H.P.	TIN No. 02060400741	Himachal Pradesh Value Added Tax Act, 2005	VAT Registration	Valid Until Cancelled
5.	28/02/2011	Excise & Taxation Officer-Cum Designated Officer (Registration), Jalandhar-II	03061063819	Central Sales Tax Act, 1956	CST Registration	Valid Until Cancelled
6.	28/01/2012	Excise and Taxation Officer-cum-Assessing Authority, Dehra Circle Dehra (Kangra), H.P.	TIN No. 02060400741	Central Sales Tax Act, 1956	CST Registration	Valid Until Cancelled
7.	07/03/2011	Deputy Commissioner, Central Excise Division, Jalandhar	AAECG1213E EM001	Central Excise Rules, 2002	Central Excise Registration	Valid Until Cancelled
8.	04/04/2012	Superintendent (Technical), Central Excise Division, Jalandhar	C.No.IV(16)30/UT-I/ AF /23 / 05 /2535	Central Excise Rules	Acceptance of UT-1 for removal of goods for export without payment of duty.	18/03/2013
9.	17/05/2012	Superintendent (Technical), Central Excise Division, Jalandhar	C.No.IV(16)30/B-I/Bond/GB Tools /05/2011/4209	Central Excise Rules	Acceptance of B-1 Bond for ₹ 50,00,000 for clearance of excisable goods without payment of duty	31/03/2013

S. No.	Date of approval	Authority granting approval	Approval/ Regn. No.	Applicable law	Nature of approval	Valid Upto
10.	13/07/2011	Central Excise Officer, Central Board of Excise and Customs	AAECG1213E SD001	Finance Act, 1994 & Service Tax Rules, 1994	Service Tax Registration	Valid Until Cancelled

C. Under Industrial and Labor Laws

S. No.	Date of approval	Authority granting approval	Approval/ Registration number	Applicable law	Nature of approval	Valid Upto
1.	18/12/2009	Deputy Director of Factories, Punjab	JLR-2/A-103/28	Factories Act, 1948	Factory License for Kapurthala Road, Jalandhar unit	31/12/2012
2.	November, 2011	Chief Inspector of Factories, Himachal Pradesh	L&E(Fac)9-364/10	Factories Act, 1948 & Himachal Pradesh Factories Rules 1950	Factory License* for Sansarpur Terrace, Dist. Kangra, H.P. unit	31/12/2010 (Applied for renewal on 09/08/2012 for the year 2011 and 2012)
3	22/10/2011	Chief Fire Officer, Himachal Pradesh Shimla-2	HOM(FS)(HQ) 6-10/76XL-Sml, NOC-9406	The Himachal Pradesh Fire Fighting Services Act, 1984	No Objection Certificate for Sansarpur Terrace, Dist. Kangra, H.P. unit	21/10/2013
4.	19/09/2011	Assistant Divisional Fire Officer, Municipal Corp. Fire Brigade, Jalandhar	FB/ADFO/Jal/373	Fire Prevention And Fire Safety Act, 1986	Fire Safety Certificate for Mand unit, Distt. Jalandhar, Panjab.	18/09/2012
5.	28/09/2011	Sub Regional Office, Employees' State Insurance Corporation, Jalandhar	290002095500 00605	Employees' State Insurance Act, 1948	Allotment of New Code Number in place of Old code no. 12000209550000605 effective October 04, 2011	Valid Until Cancelled
6.		Regional Office, Employees Provident Fund Commissioner	LD/JAL/9631	Employees' Provident Fund & Misc. Provisions Act, 1952	Allotment of New Code Number* in place of Old code no. PB/9631	Valid Until Cancelled
7.	24/10/2005	Asstt. Environmental Engineer, Punjab Pollution Control Board, Zonal Office, Jalandhar	ZO-J/CTO/WPC/2005/F-59	Section-25/26 of Water (Prevention & Control of Pollution) Act, 1974	Consent to operate* under Water (Prevention & Control of Pollution) Act, 1974	21/10/2013
8.	24/10/2005	Asstt. Environmental Engineer, Punjab Pollution Control Board, Zonal Office, Jalandhar	ZO-J/GEN/CTO/APC/200 5/F-75	Section-21 of Air (Prevention & Control of Pollution) Act, 1981	Consent to operate* under Air (Prevention & Control of Pollution) Act, 1981	21/10/2013

S. No.	Date of approval	Authority granting approval	Approval/ Registration number	Applicable law	Nature of approval	Valid Upto
9.	07/05/2011	Member Secretary, H.P. State Pollution Control Board, Shimla	PCB (411) Ambika Forgings (Expansion) – Sansarpur Terrace/ Kangra/ 2011-2895-2901	Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981	Consent to Establish (expansion)* under Water Act, 1974 and Air Act, 1981	31/03/2012 (Applied for renewal on June 12, 2012)
10.	30/07/2010	Asstt. Environmental Engineer, H.P. State Pollution Control Board, Jassur, Distt. Kangra (HP)	NO/PCB/RO(J)/(1160) Ambika Forgings/10-307/08	Air (Prevention & Control of Pollution) Act, 1981	Consent to operate* under Air (Prevention & Control of Pollution) Act, 1981	31/03/2015
11.	11/03/2008 Original Date of Allotment 30/03/1977	General Manager, Distt. Industries Centre, Jalandhar	EM No. 03-004-12-00032	Industrial Policy and Industrial (Development & Regulation) Act, 1951	Acknowledgement of Entrepreneurs Memorandum* filed for manufacture of Hand Tools, etc. at 11 th Mile Stone Village. Mand, Jalandhar	Valid Until Cancelled
12.	17/02/2010	Member Secretary, SWCA Sansarpur Terrace, Distt. Kangra, H.P.	EM Part-I No. 02-002-12-01245	Industrial Policy and Industrial (Development & Regulation) Act, 1951	Acknowledgement of Entrepreneurs Memorandum* Part-I filed for manufacture of Hand Tools (Spanners, Wrenches, Pliers) at Industrial Area, Sansarpur Terrace	Valid Until Cancelled
13.	17/02/2012	Executing Engineer, The Chief Electricity Inspector, Punjab Government, Patiala	22760	Indian Electricity Act, 1956	Approval for installations of Transformer and DG Sets	16/02/2013

* In the name of Ambika Forgings, erstwhile name of the firm which got converted into a limited company under Part IX of the Companies Act, 1956

D. Licenses, Registrations & Approvals relating to Import, Export etc.

S. No.	Date of approval	Authority granting approval	Approval/ License No. / Regn. No.	Applicable law	Nature of approval	Valid Upto
1.	11/03/2011 (Original date of issue 16/11/1989)	Dy. Director General of Foreign Trade, Amritsar	1288013230	Foreign Trade Policy and Foreign Trade (Development and Regulation) Act, 1992	Importer-Exporter Code (IEC)	Valid Until Cancelled
2.	19/04/2011	Foreign Trade Development Officer, Ludhiana	Licence No. 0261879 for ₹ 13,81,340	The Foreign Trade (Development and Regulation) Act, 1992 & Foreign Trade Policy	Import Licence* to act as Manufacturer Exporter	12/10/2012

S. No.	Date of approval	Authority granting approval	Approval/ License No. / Regn. No.	Applicable law	Nature of approval	Valid Upto
3.	04/04/2011	Deputy Commissioner (Tech), Ministry of Finance, Department of Revenue, Amritsar	17/CUS/ASR/2011		Permission for stuffing of goods in the factory premises of the company for export.	Valid Until Cancelled
4.	04/12/2009	Joint Director General of Foreign Trade, Ludhiana	B-1527	Foreign Trade Policy, 2004-2009	Certificate of Recognition as a Star Export House	31/03/2014

E. Other Registrations & Licenses

S. No.	Date of approval	Authority granting approval	Approval/ License No. / Regn. No.	Applicable law	Nature of approval	Valid Upto
1.	13/04/2010	The National Small Industries Corporation Limited, Jalandhar	NSIC/JAL/GP/RS/G-013/PB/2010	The Micro, Small and Medium Enterprises Development Act, 2006	Government Purchase Enlistment (Endorsement done in the name of Company on 08/06/2011)	12/04/2014
2.	29/06/2011	Federation of Indian Export Organisations	RCMC no. 170/2009-2010		Registration-Cum-Membership	31/03/2013
3.	13/04/2009	EEPCINDIA (formerly Engineering Export Promotion Council), Jalandhar	EPC/J/R-1156/Engg.(SSI)		Registration-Cum-Membership (Endorsement done in the name of Company on 11/04/2011)	31/03/2014
4.	12/09/2011	Director (Quality Assurance), Ministry of Commerce & Industry, Director General of Supplies & Disposal, Jalandhar	DGS&D/Regn/JAL/S-4325/11/06127		Registration as a supplier with Directorate General of Supplies & Disposals (DGS&D)	N.A.
5.	12/12/2011	Sr. Manager, Business Information Centre, India Trade Promotion Organisation	AM-19507/82		Membership of India Trade Promotion Organisation	30/11/2012
6.	15/12/2008 effective. 02/01/2009	Bureau of Indian Standards	CM/L-9703887	Bureau of Indian Standards Act, 1986	Licence for the use of Standard Mark IS 6118:1991 for Multiple Slip Joint Pliers (Endorsement done in the name of Company on 16/05/2011)	15/01/2013

S. No.	Date of approval	Authority granting approval	Approval/ License No. / Regn. No.	Applicable law	Nature of approval	Valid Upto
7.	07/05/2008 effective 15/05/2008	Bureau of Indian Standards	CM/L-9664907	Bureau of Indian Standards Act, 1986	Licence for the use of Standard Mark IS 2028: 2004 for Open Jaw Wrenches spanners (Endorsement done in the name of Company on 16/05/2011)	15/05/2013
8.	07/05/2008 effective 15/05/2008	Bureau of Indian Standards	CM/L-9665097	Bureau of Indian Standards Act, 1986	Licence for the use of Standard Mark IS 2029:1998 for. Ring Wrench spanners (Endorsement done in the name of Company on 16/05/2011)	15/05/2013
9.	16/11/2009	Bureau of Indian Standards	CM/L- 9761905	Bureau of Indian Standards Act, 1986	Licence for the use of Standard Mark IS 4003: Part I: 1978 for Pipe Wrenches (Endorsement done in the name of Company on 16/05/2011)	15/11/2012
10.	24/05/2010	Bureau of Indian Standards	CM/L-9796621	Bureau of Indian Standards Act, 1986	Licence for the use of Standard Mark IS 6078:1986 for. Lineman's Pliers (Endorsement done in the name of Company on 16/05/2011)	31/05/2013
11.	13/11/2009	Bureau of Indian Standards	CM/L-9761804	Bureau of Indian Standards Act, 1986	Licence for the use of Standard Mark IS 6149:1984 for Single Ended Open Jaw Adjustable Wrench (Endorsement done in the name of Company on 16/05/2011)	15/11/2012
12.	26/03/2010	Bureau of Indian Standards	CM/L-9784816	Bureau of Indian Standards Act, 1986	Licence for the use of Standard Mark IS 4003: Part 2: 1986 for Pipe Wrenches – Part-2 Heavy Duty (Endorsement done in the name of Company on 29/06/2011)	31/03/2013 Applied for renewal on 23/04/2012

We undertake that the activities proposed by us are permitted in view of the present approvals and approvals which have been applied by us. No further approvals from any Government Authorities / RBI are required by us to undertake the proposed activities.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue has been authorised by the Board of Directors and special resolution passed pursuant to section 81(1A) of the Companies Act, at the extra ordinary general meeting of the shareholders of our Company, in their meeting held on August 24, 2012 and August 27, 2012 respectively.

Prohibition by SEBI

Our Company, our Promoter, our Directors, our subsidiary company and companies with which our directors are associated as directors or Promoter, has not been prohibited from accessing the capital market or restrained from buying, selling or dealing in securities under any order or directions passed by SEBI or any other authority. The listing of any securities of our Company has never been refused at anytime by any of the stock exchanges in India. Further, none of our Directors is associated with the securities market.

Further, our Company, our Promoter, their relatives, Group Companies and our Directors have not been declared as willful defaulters by RBI / government authorities and there are no violations of securities laws committed by them in the past and no proceedings are pending against them.

Eligibility for the Issue

We are an unlisted Company incorporated under the Companies Act, 1956. We are eligible for this issue under Regulation 26(1) read with Explanation III to the Regulation 26 of SEBI ICDR Regulations. In terms of the Explanation III of the SEBI ICDR Regulations, the Auditors of our Company has certified that the financial statements of the Partnership firm conform to and are revised in the format prescribed for companies under the Companies Act, 1956 and also comply with the following:

- (a) Adequate disclosures are made in the financial statements as required to be made by the issuer as per Schedule VI of the Companies Act 1956;
- (b) The accounts and the disclosures made are in accordance with the provisions of Schedule VI of the Companies 1956;
- (c) The accounting standards of the Institute of Chartered Accountants of India have been followed.
- (d) The financial statements present a true and fair view of the firm's accounts.

The summary of our present distributable profits, net worth, net tangible assets and monetary assets based on the restated standalone financial statements are as under:

	(₹ in lakhs)				
Particulars	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Net Tangible Assets	1055.58	631.97	875.58	923.91	692.23
Monetary Assets	128.27	67.91	86.45	243.34	61.90
Monetary Assets as a % of Net Tangible Assets	12.15%	10.75%	9.87%	26.34%	8.94%
Distributable Profit	391.40	144.52	2.82	117.38	96.43
Net Worth	1065.09	640.10	889.01	935.89	700.02

1. 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets, deferred tax asset / liability and net of revaluation reserves as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
2. Monetary assets comprise of cash and bank balances and public deposit accounts with the Government.
3. Distributable profits have been defined in terms of section 205 of the Companies Act, 1956.
4. Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.

In accordance with the Regulation 26(4) of SEBI ICDR Regulations, we ensure that the number of allottees in the proposed Issue shall be at least 1,000; otherwise, we shall forthwith refund the entire subscription amount

received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS OFFER DOCUMENT HAS BEEN SUBMITTED TO SEBI.

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA (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 OFFER DOCUMENT. THE LEAD MANAGER, SPA CAPITAL ADVISORS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER COMPANY 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 ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER SPA CAPITAL ADVISORS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 10, 2012 WHICH READS AS FOLLOWS:

- 1. We have examined various documents including those relating to litigation like commercial disputes, patent disputes, disputes with collaborators, etc. and other material in connection with the finalisation of the Draft Red Herring Prospectus (in case of a book built issue) pertaining to the said issue;**
- 2. On the basis of such examination and the discussions with the issuer, its directors and other officers, other agencies, and independent verification of the statements concerning the objects of the issue, price justification and the contents of the documents and other papers furnished by the issuer, WE CONFIRM that:**
 - (a) the Draft Red Herring Prospectus filed with the Board is in conformity with the documents, materials and papers relevant to the issue;**
 - (b) all the legal requirements relating to the issue as also the regulations guidelines, instructions, etc. framed/issued by the Board, the Central Government and any other competent authority in this behalf have been duly complied with; and**
 - (c) the disclosures made in the Draft Red Herring Prospectus are true, fair and adequate to enable the investors to make a well informed decision as to the investment in the proposed issue and such disclosures are in accordance with the requirements of the Companies Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable legal requirements.**
- 3. We confirm that besides ourselves, all the intermediaries named in the Draft Red Herring Prospectus are registered with the Board and that till date such registration is valid.**
- 4. We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. - Noted for compliance**
- 5. We certify that written consent from promoters has been obtained for inclusion of their specified securities as part of promoters' contribution subject to lock-in and the specified securities proposed to form part of promoters' 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.**

6. We certify that Regulation 33 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which relates to specified securities ineligible for computation of promoters contribution, has been duly complied with and appropriate disclosures as to compliance with the said regulation have been made in the Draft Red Herring Prospectus.
7. We undertake that Sub-regulation (4) of Regulation 32 and clause (c) and (d) of Sub-regulation (2) of Regulation 8 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 shall be complied with. We confirm that arrangements have been made to ensure that promoters' contribution shall be received atleast one day before the opening of the issue. We undertake that auditors' certificate to this effect shall be duly submitted to the Board. We further confirm that arrangements have been made to ensure that promoters' contribution shall be kept in an escrow account with a Scheduled Commercial Bank and shall be released to the issuer along with the proceeds of the public issue. - Not applicable
8. We certify that the proposed activities of the issuer for which the funds are being raised in the present issue fall within the 'main objects' listed in the object clause of the Memorandum of Association or other charter of the issuer and that the activities which have been carried out until now are valid in terms of the object clause of its Memorandum of Association.
9. We confirm that necessary arrangements have been made to ensure that the moneys received pursuant to the issue are kept in a separate bank account as per the provisions of sub-section (3) of section 73 of the Companies Act, 1956 and that such moneys shall be released by the said bank only after permission is obtained from all the stock exchanges mentioned in the prospectus. We further confirm that the agreement entered into between the Bankers to the Issue and the Issuer specifically contains this condition. - Noted for compliance
10. We certify that a disclosure has been made in the Draft Red Herring Prospectus that the investors shall be given an option to get the shares in demat or physical mode. - Not applicable
11. We certify that all the applicable disclosures mandated in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been made in addition to disclosures which, in our view, are fair and adequate to enable the investor to make a well informed decision.
12. We certify that the following disclosures have been made in the Draft Red Herring Prospectus:
 - (a) An undertaking from the issuer that at any given time, there shall be only one denomination for the equity shares of the issuer and
 - (b) An undertaking from the issuer that it shall comply with such disclosure and accounting norms specified by the Board from time to time.
13. We undertake to comply with the regulations pertaining to advertisement in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 while making the issue.
14. We enclose a note explaining how the process of due diligence has been exercised by us in view of the nature of current business background or the issuer, situation at which the proposed business stands, the risk factors, promoters experience, etc.
15. We enclose a checklist confirming regulation-wise compliance with the applicable provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, containing details such as the regulation number, its text, the status of compliance, page number of the Draft Red Herring Prospectus where the regulation has been complied with and our comments, if any.
16. We enclose statement on 'Price Information of Past Issues handled by us.

THE FILING OF OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR 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 ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT."

Disclosure of Price Information of Past Issues handled by Book Running Lead Manager

Sr. No.	Issue Name	Issue Size ₹ (Cr.)	Issue Price (₹)	Listing date	Opening price on listing date (₹)	Closing price on listing date (₹)	% Change in Price on listing date (Closing) vs. Issue Price	Bench-mark index on listing date (Closing)	Closing Price as on 10th calendar days from listing day (₹)	Bench-mark index as on 10th calendar days from listing day (Closing)	Closing Price as on 20th calendar days from listing day (₹)	Bench-mark index as on 20th calendar days from listing day (Closing)	Closing Price as on 30th calendar days from listing day (₹)	Bench-mark index as on 30th calendar days from listing day (Closing)
Financial Year 2012-13														
	NIL	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Year 2011-12														
1	SRS Limited	203.00	58.00	16/09/2011	55.00	33.65	(41.98)%	16,933.83	33.95	16,162.06	30.15	15,792.41	35.50	17,082.69
Financial Year 2010-11														
1	Cantabil Retail India Limited ¹	105.00	135.00	12/10/2010	133.80	104.75	(22.41)%	20,203.34	94.70	20,260.58	76.35	20,032.34	74.85	20,875.71
2	Parabolic Drugs Limited	200.00	75.00	01/07/2010	76.00	64.80	(13.60)%	17,509.33	60.05	17,833.54	60.10	17,878.14	54.50	17,868.29

¹ SPA Merchant Bankers Limited was responsible for finalization of Issue Price only in the Initial Public Offering by Cantabil Retail India Limited.

Summary Statement of Disclosure

Financial Year	Total no. of IPOs	Total Funds Raised (₹ Cr.)	Nos. of IPOs trading at discount on listing date			Nos. of IPOs trading at premium on listing date			Nos. of IPOs trading at discount as on 30th calendar day from listing day			Nos. of IPOs trading at premium as on 30th calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2012-13	NIL	-	-	-	-	-	-	-	-	-	-	-	-	-
2011-12	1	203.00	-	1	-	-	-	-	-	1	-	-	-	-
2010-11	2	305.00	-	-	2	-	-	-	-	2	-	-	-	-

- Note:
- (a) In case the 10th, 20th or 30th calendar day from the date of listing is a holiday, the share price and benchmark index is taken for the day immediately before such trading day.
 - (b) The date of listing has been included for calculation of 10th, 20th or 30th calendar day from the date of listing.
 - (c) BSE SENSEX has been considered as the benchmark index.
 - (d) All share price data is taken from www.bseindia.com

Track record of past issues handled by BRLM

The track record of past issues handled by SPA Merchant Bankers Limited is also available at <http://www.spacapital.com/TrackRecordofPublicIssues.aspx>.

Disclaimer from Our Company & the BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and that anyone placing reliance on any other source of information, including the website of our Company, www.gbtools.in would be doing so at his or her own risk.

Caution

The BRLM accept no responsibility, save to the limited extent as provided in the Agreement dated August 28, 2012 entered into between the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the BRLM and the Underwriters to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in house research or sales reports, at bidding centers or elsewhere.

Disclaimer In Respect of Jurisdiction

This issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission if any), trust registered under the Societies Registration Act, 1860, as amended from time to time or any other trust law and who are authorised under their constitution to hold and invest in shares), permitted insurance companies, pension funds and to NRIs, FIIs, Venture Capital Funds and Foreign Venture Capital Investors registered with SEBI. The Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an issue or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself / herself about and to observe any such restrictions. Any disputes arising out of this issue will be subject to the jurisdiction of appropriate courts at Delhi, 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 the Draft Red Herring Prospectus has been submitted to SEBI for its observations and SEBI has given its observation. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of our company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under 233 the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. The disclaimer clause will be incorporated on receipt of in-principal listing approval from BSE.

Disclaimer Clause of NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause will be incorporated on receipt of in-principal listing approval from NSE.

Filing

The Draft Red Herring Prospectus has been filed with SEBI, 5th Floor, Bank of Baroda Building, 16, Sansad Marg, New Delhi - 110 001. A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered to the RoC at the Office of the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, Corporate Bhawan Plot No. 4 B, Sector 27 B, Madhya Marg, Chandigarh - 160 019. The Prospectus will be filed with SEBI and the RoC at their respective addresses upon the closure of this Issue and on finalization of the Issue Price.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity shares are not listed on any stock exchange in India. BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non- Institutional portion and Retail portion.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our company shall forthwith repay, without interest all monies received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our company becomes liable to repay it (i.e. from the Date of Refusal or within 10 working days from the date of Bid/Issue closing date whichever is earlier), then our Company, and every director of our Company who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay such application money with interest @15% per annum on application money as prescribed under Section 73 of the Companies Act.

Our Company together with the assistance of the BRLM shall ensure that all steps for the completion of the necessary requirements for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within twelve working days of the Bid / Issue Closing Date.

Impersonation

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

“Any person who:

- (a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or***
- (b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name***

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of (a) our Promoter, Directors, Company Secretary and Compliance Officer, (b) the Auditors, (c) Legal Advisor, (d) Bankers to our Company, (e) Book Running Lead Manager, (f) Registrar to the Issue, (g) Bankers to the Issue, (h) Syndicate Members and (i) IPO Grading Agency to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, Punjab, Himachal Pradesh and Chandigarh as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn upto the time of delivery of the Red Herring Prospectus for registration with

the RoC, Punjab, Himachal Pradesh and Chandigarh. Consents in writing of the underwriters will be obtained and filed along with the final prospectus and other relevant documents required to be filed under Section 60 of the Companies Act with RoC, Punjab, Himachal Pradesh and Chandigarh.

M/s Kumar Ashwani & Associates, Chartered Accountants, our Statutory Auditors have also given their written consent for inclusion of their report in the form and context in which it appears on page 114 in the Draft Red Herring Prospectus and such consent and report have not been withdrawn upto the time of delivery of a copy of the Red Herring Prospectus for registration with the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh, New Delhi.

Expert Opinion

Except as stated (a) in the section titled “Financial Statements” on page 114, (b) the “Statement of Tax Benefits” appearing on page 50 and (c) the report provided by [●], IPO Grading Agency and given in Annexure on page [●] furnishing the rationale for its IPO Grading, we have not obtained any other expert opinion. Further such opinions / report have not been withdrawn till the date of filing of the Red Herring Prospectus with the Registrar of Companies.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees. The estimated Issue expenses are as follows:

Particulars	Amount ₹ lakhs*	% of Issue Size*	% of Issue Expenses*
BRLM / Syndicate member fee	[●]	[●]	[●]
Underwriting, Brokerage, Selling Commission & Processing fees to SCSBs	[●]	[●]	[●]
Advertising & Marketing expenses	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Printing, Stationary, Dispatch	[●]	[●]	[●]
Other expenses (including listing fee, SEBI filing fee, IPO Grading Fees, Legal Counsel fee, Depository charges, Auditor's fee, etc.)	[●]	[●]	[●]
Total	[●]	[●]	[●]

* Will be incorporated after finalisation of the issue price at the time of the Prospectus.

Fees Payable to the BRLM

The fees payable to the BRLM (including underwriting commission and selling commission) for the Issue will be as per the engagement letter from our Company to the BRLM and the Agreement dated August 28, 2012 executed between us and BRLM, copy of which are available for inspection at our registered office.

Fees Payable to the Syndicate Members

The fees payable to the Syndicate Members (including underwriting commission and selling commission) for the Issue will be as per the Syndicate Agreement dated [●] between our Company and the Syndicate Members copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement between Registrar to the Issue and our company dated August 28, 2012, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue by our Company to enable them to send refund orders or Allotment advice by registered post / under certificate of posting.

Previous Public / Rights Issues

Our Company has not made any public or rights issue of Equity Shares / Debentures since incorporation.

Issue of Shares otherwise than for Cash

Our Company has not issued any Equity Shares for consideration other than cash since incorporation.

Commission and Brokerage on Previous Equity Issues

Since this is the Initial Public Issue of our Equity Shares, no sum has been paid or is payable as commission and brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our incorporation.

Promises v/s Performance

Neither we, nor any of our Subsidiaries and Promoter Group Companies have made any public issue in past. Hence Promise v/s Performance is not applicable.

Listed Ventures of Promoters

Our promoter does not have any listed ventures.

Outstanding Debenture or Bond Issues

As on the date of filing of the Draft Red Herring Prospectus with SEBI, our Company does not have any outstanding Debentures or Bonds.

Outstanding Preference Shares

As on the date of filing of the Draft Red Herring Prospectus with SEBI, our Company does not have outstanding Preference Shares.

Stock Market Data for Our Equity Shares

This being an initial public offering of the equity shares our Company, the Equity Shares are not listed on any stock exchange and hence no stock market data is available.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of atleast one year from the date of closing of this Issue.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details including name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, demat account number and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Our Company has constituted a Share Holders Grievances Redressal Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate / split / consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer / transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head 'Corporate Governance' on page 83 of the Draft Red Herring Prospectus.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue or the SCSBs in case of ASBA Bidders for the redressal of routine investor grievances shall be 10 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Bikram Singh Rana, Finance Controller as the Compliance Officer and he may be contacted at the following address in case of any pre-Issue or post-Issue-related problems:

Compliance Officer

Mr. Bikram Singh Rana
GB Tools & Forgings Limited
11th Mile Stone, VPO Mand,
Kapurthala Road, Jalandhar – 144001
Tel.: +91 0181 - 5067878
Fax: +91 0181 - 5017878
Website: www.gbtools.in
Email: compliance@gbtools.in

Changes in Auditors during the last three years

There has been no change in the Statutory Auditors of our Company during the last three years.

Capitalisation of Reserves or Profits

There has not been any capitalisation of reserves or profits since incorporation.

Revaluation of Assets

There has not been any revaluation of Assets since incorporation.

TERMS OF THE ISSUE

The Equity Shares being offered through this Issue are subject to the provisions of the Companies Act, SEBI ICDR Regulations, our Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents / certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, Registrar of Companies, Reserve Bank of India and / or other authorities, as in force on the date of the Issue and to the extent applicable.

Compliance with SEBI ICDR Regulations

Our Company shall comply with all disclosures and accounting norms as specified by SEBI from time to time.

Principal Terms and conditions of the Issue: Equity Shares

Face Value and Issue Price

The Equity Shares having a face value of ₹ 10/- each are being offered in terms of the Draft Red Herring Prospectus at the Price of ₹ [●] per Equity Share at the lower end of the Price Band and ₹ [●] per Equity Share at the upper end of the Price Band. The issue price will be determined by the Board of Directors of our Company in consultation with the BRLM on the basis of assessment of market demand for the equity shares offered by way of book building. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

Ranking of Equity Shares

The Equity Shares being offered under the Issue shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including rights in respect to receive dividend. The Allottees will be entitled to dividends, voting rights or any other corporate benefits, if any, declared by the Company after the date of allotment.

Mode of Payment of Dividend

We shall pay dividend, to our Shareholders, as per the provisions of the Companies Act, the SEBI ICDR Regulations and the provisions of the Listing Agreements.

Rights of the Equity Shareholders

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 offer for rights shares and the allotted bonus shares, if announced ;
- Right to receive any surplus on liquidation
- Subject to applicable laws including RBI Rules and regulations, right to free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder Act, the terms of the Listing Agreement with the Stock Exchange(s) and the Memorandum of Association and Articles of Association of our Company.

For a detailed description of the main provisions of our Articles of Association of our Company relating to among other things, voting rights, dividend, forfeiture and lien and/or consolidation / splitting, etc., see section entitled “Main Provisions of the Articles of Association” on page 204 of the Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of our Company shall be Allotted only in dematerialized form. In terms of existing SEBI ICDR Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors.

Since trading of the 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 multiple of one Equity Share subject to minimum of [●] Equity Shares to the successful bidders.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidder(s), death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination will stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and transfer agents of our Company.

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

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

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, if any, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Jalandhar, Punjab

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Offer through Offer Document including the devolvement of the Underwriters, within 60 days from the closure of the Issue, we shall within 70 days of the Bid/Issue Closing Date, refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall repay the money with interest prescribed under Section 73 of the Companies Act, 1956.

Arrangement for Disposal of Odd Lots

Since, our Equity Shares will be traded in dematerialized form only the marketable lot is (1) one Equity Share. Therefore, there is no arrangement for disposal of odd lots.

Restriction, if any on transfer and transmission of Equity Shares and on their Consolidation / Splitting

Except for the lock-in of the Equity Shares held by the shareholders as detailed in “Capital Structure” and as mentioned under the section titled “Main Provisions of the Articles of Association” on page 35 and 204 of the Draft Red Herring Prospectus, there are no restrictions on transfers / transmission on our Equity Shares.

Investors should note that in terms of Section 68B of the Companies Act, the Equity Shares would be allotted to all successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Withdrawal of Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid Opening Date but before Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two Working Days of such withdrawal, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

In the event our Company, in consultation with the BRLMs, withdraws the Issue after the Bid Closing Date, a fresh offer document will be filed with the RoC / SEBI in the event we subsequently decide to proceed with a public offering.

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

Period of Subscription

The subscription list for public issue shall remain open for atleast 3 working days and not more than 10 working days.

OFFERING INFORMATION

This section applies to all Bidders. All QIB Bidders and Non Institutional Bidders shall compulsorily apply through ASBA process. Retail Individual Bidders have the option to participate in this Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders have to pay the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

Book Building Procedure

The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis. Further, not less than 15% of the Issue would be allocated to Non-Institutional Bidders and not less than 35% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Under subscription, if any, in any category would be met with spill-over from other categories or a combination of categories in accordance with applicable laws, regulations and guidelines. Investors may note that in case of over-subscription in the Issue, allotment to QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis.

All QIB Bidders and Non Institutional Bidders shall compulsorily apply through ASBA process. Retail Bidders have an option participate in this Issue through the ASBA process. Any Bidder participating in this Issue through the ASBA process should provide the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs.

Bidders / Investors can bid under this Issue in the following manner:

Category of Bidder / Investor	Mode of application	
	ASBA process	Non ASBA process
QIB Bidder	✓	×
Non Institutional Bidders	✓	×
Retail Individual Bidders	✓	✓

All Bidders, other than ASBA Bidders are required to submit their Bids through the members of Syndicate or their sub-syndicate members. ASBA Bidders may submit their Bids through the members of Syndicate or their sub-syndicate members or directly to the SCSBs.

Bidding of ASBA Forms by Syndicate / Sub syndicate members

SEBI has permitted Syndicate / Sub syndicate members to procure Bid cum application forms from ASBA Bidder, upload the bid and other relevant details of such forms in the bidding platform of the Stock Exchange(s) and thereafter forward the Bid cum application form to the SCSBs. SCSBs shall carry out further action for the Bid cum application forms such as signature verification, blocking of funds and forward the forms to the Registrar to the Issue. In specified cities, the ASBA Bidders can also submit their bids through the Syndicate / Sub syndicate members (hereinafter referred to as "Syndicate"). The SCSBs shall specify at least one Branch in above cities where the Syndicate can submit the Bid cum application forms received from ASBA Bidder after Bidding. The list of such branch is available on the website of SEBI (www.sebi.gov.in).

AT ALL OTHER PLACES (EXCEPT SPECIFIED CITIES), BID CUM APPLICATION FORMS RECEIVED FROM ASBA BIDDER SHOULD BE SUBMITTED WITH THE DESIGNATED BRANCHES OF SCSBs ONLY.

In respect of Bid cum application forms through ASBA process accepted by Syndicate / Sub-syndicate members and submitted with the specified Branches of SCSBs, we will pay an amount of ₹ [●] (Rupees only) per Bid cum application form through ASBA process to SCSBs as processing fees for such application.

Investors should note that Allotment of Equity Shares to all successful Bidders will be only in the dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository accounts shall be treated as incomplete and rejected. Bidders will not have the option of being allotted Equity Shares in physical form. The Equity Shares on allotment shall be traded only on the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall use only the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Draft Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form (except in relation to ASBA Bidders) shall be serially numbered and the date and time shall be stamped at the Bidding centres and such form shall be signed by the Bidder and countersigned by the relevant member of the Syndicate. ASBA Bidders shall submit the Bid cum Application Form either in physical or electronic form (through the internet banking facility available with the SCSBs or such other electronically enabled mechanism for Bidding) to the members of Syndicate or their sub-syndicate members or the SCSB authorizing blocking of funds that are available in the bank account specified in the Bid cum Application Form used by ASBA Bidders.

The Bid cum Application Form shall contain information about the Bidder and the price and number of Equity Shares that the Bidder wishes to Bid for. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

On the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be treated as a valid application form. Upon completion and submission of the Bid cum Application Form to a member of the Syndicate or SCSB, as the case may be, the Bidder shall be deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required under the SEBI ICDR Regulations and other applicable laws, for filing the Prospectus with the RoC and as would be required by SEBI and/or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Bidders including Eligible NRIs applying on a non-repatriation basis	White
Non-Resident Bidders including Eligible NRIs, FVCIs and FIIs applying on a repatriation basis	Blue

Who can Bid?

- Indian nationals resident in India who are not minors (except minors applying through Guardian) in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this Issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, under the QIB Portion;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture capital funds registered with SEBI;

- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with a minimum corpus of ₹ 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of ₹ 2,500 lakhs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Insurance funds set up and managed by army, navy or air force of the Union of India;
- Multilateral and Bilateral Development Financial Institutions; and
- Insurance funds set up and managed by the Department of Posts, India

Note: As per existing regulations, OCBs cannot participate in the Issue.

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

Participation by associates of the BRLM and the Syndicate Members

The BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such Bidding and subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

As per the SEBI ICDR Regulations, 5% of the QIB Portion has been specifically reserved for Mutual Funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event demand in the Mutual Fund Portion is greater than 5% of the QIB Portion, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall be available for allocation proportionately, after excluding the allocation in the Mutual Fund Portion, in the QIB Portion.

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 equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own over 10% of any company's paid-up share capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

Multiple applications

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

Bids by Non Residents including Eligible NRIs and FIIs on a repatriation basis

There is no reservation for Eligible NRIs or FIIs or FVCIs registered with SEBI. Such Eligible NRIs, FIIs and FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Bids by Eligible NRIs

1. Bid cum Application Forms for Eligible NRIs (Blue in colour) will be available at our Registered Office (at 11th Miles Stone, VPO Mand, Kapurthala Road, Jalandhar – 144013) and with the members of the Syndicate.
2. Only such applications as are accompanied by payment in freely convertible foreign exchange shall be considered for Allotment. Eligible NRIs who intend to make payment through Non Resident Ordinary (“NRO”) accounts or by debits to their Non-Resident External (“NRE”) or Foreign Currency Non-Resident (“FCNR”) accounts should use the application form meant for Resident Indians (White in color).

Bids by Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Bids 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 issued capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. With the approval of the board and the shareholders by way of a special resolution, the aggregate FII holding in our Company can go up to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the “**SEBI FII Regulations**”), an FII, as defined in the SEBI FII Regulations, may issue, deal or hold, off shore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII is also required to ensure that no further issue or transfer of any Offshore Derivative Instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the Underwriters, including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

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

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each, as amended, prescribe investment restrictions on Venture Capital Funds and FVCIs respectively registered with the SEBI. Accordingly, the holding in any company by any individual venture capital fund or FVCI registered with the SEBI should not exceed 25% of the corpus of the Venture Capital Fund or FVCI. However, venture capital funds or FVCIs may invest not over 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹ 2,500 lakhs (subject to applicable law), pension funds with a minimum corpus of ₹ 2,500 lakhs and insurance funds set up and managed by the Department of Posts, India and insurance funds set up and managed by the Department of Posts, India, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In addition to the above, additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with minimum corpus of ₹ 2,500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Our 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 the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated above.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2,00,000. If the Bid Amount is over ₹ 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to be Bid at the Cut-Off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at the Cut-Off Price is given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs Bidders):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB Bidder should not exceed the investment limits prescribed for them by applicable laws. In case of revision in Bids, Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion. If the Bid Amount reduces to ₹ 2,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at the Cut-Off Price. **A QIB Bidder cannot withdraw its Bid after the Bid Closing Date.**

Information for the Bidders:

- (a) The Draft Red Herring Prospectus will be filed by our Company with the RoC atleast three days before the Bid Opening Date.
- (b) Copies of the Bid cum Application Form and the Draft Red Herring Prospectus will be available with the Syndicate and our Registered Office. Bid cum Application Forms can be obtained by ASBA Bidders from the members of the Syndicate or SCSBs. Furthermore, the SCSBs shall ensure that the abridged prospectus is made available on their websites.
- (c) Copies of Bid cum Application Forms will also be available for downloading and printing by ASBA Bidders, from website of the Stock Exchanges (which provide electronic interface for ASBA facility) (www.nseindia.com and www.bseindia.com). The BRLMs and the SCSBs will provide the hyperlink to BSE or NSE on their websites. A unique application number will be generated for every Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges.

- (d) The Syndicate and the Designated Branches of the SCSBs shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- (e) Eligible Bidders who are interested in subscribing for the Equity Shares should approach any of the BRLM or the Syndicate Members or their authorized agents to register their Bids. Eligible Bidders can approach the members of the Syndicate or Designated Branches of the SCSBs to register their Bids under the ASBA process.
- (f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bids by ASBA Bidders shall be accepted by the members of the Syndicate or Designated Branches of the SCSBs in accordance with the SEBI ICDR Regulations and any other circulars issued by SEBI in this regard. Bid cum Application Forms should bear the stamp of the members of the Syndicate or SCSB. Bid cum Application Forms which do not bear the stamp of a member of the Syndicate or SCSB will be rejected. Bid cum Application Form bid by the Syndicate member or their sub-syndicate member, which do not bear the stamp of the member of the Syndicate or the SCSB, will be rejected.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained here, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected. Bidders should note that the Syndicate and/or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Bidders are advised to ensure that the details are correct and legible.
- (d) For Retail Individual Bidders (including Eligible NRIs), the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 2,00,000. In case the Bid Amount is over ₹ 2,00,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for over the Issue size.
- (f) Bids by Eligible NRIs, FVCIs and FIIs on a repatriation basis shall be in the names of individuals, or in the names of such FIIs, respectively, but not in the names of minors (except minors applying through Guardian), OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (g) In a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
- (i) If the ASBA Account holder is different from the ASBA Bidder, the Bid cum Application Form by ASBA Bidder should be signed by the account holder as provided in the Bid cum Application Form.

Submission of Bid cum Application Form

- All Bid cum Application Forms or Revision Forms (other than with respect to ASBA Bidders) duly completed and accompanied by account payee cheques or drafts shall be submitted to the Syndicate at the time of submission of the Bid.
- With respect to ASBA Bidders who have submitted their bids to the members of the Syndicate, the Bid cum Application Form or the Bid Revision Form shall be submitted to the respective member of the Syndicate.
- With respect to ASBA Bidders who have submitted their bids to the Designated Branch of SCSBs, Bid cum application form or the Bid Revision form shall be submitted to the respective Designated Branch of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

GENERAL INSTRUCTIONS

Dos:

- (a) Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus under applicable laws, rules and regulations;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form (White in colour) or the Non-Resident Bid cum Application Form (Blue in colour) as the case may be;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct, and the Beneficiary Account is activated, as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the Bidding centres only on forms bearing the stamp of a member of the Syndicate (other than with respect to ASBA Bidders);
- (f) With respect to ASBA Bidders ensure that (i) your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for Bidding has a bank account, or (ii) your bid is submitted with the member of the syndicate who will upload the bid and submit the form with the ASBA Bank who in turn will block the bid amount in the account mentioned in the Bid cum application form. Further, ensure that the Bid cum Application Form is signed by the account holder if the Bidder is not the account holder;
- (g) Ensure that the full Bid Amount is paid for Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked by the SCSBs in case of Bids submitted through the ASBA process;
- (h) With respect to ASBA Bidders, ensure that you have funds equal to the Bid Amount in your bank account of the respective Designated Branch of the SCSB;
- (i) With respect to ASBA Bidders, instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- (j) Ensure that you request for and receive a TRS for all your Bid options;
- (k) Submit revised Bids to the same member of the Syndicate or Designated Branch of the SCSB through whom the original Bid was placed and obtain a revised TRS;
- (l) Except for Bids (i) on behalf of the Central or State Government and the officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should mention their PAN allotted under the I.T. Act. Bid cum Application Forms in which the PAN is not mentioned are liable to be rejected;
- (m) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. If the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.
- (n) Ensure that the QIB Bidders and Non Institutional Bidders bid only through the ASBA process.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not submit a Bid without payment of the entire Bid Amount;
- (c) Do not Bid/revise the Bid to less than the Floor Price or higher than the Cap Price;
- (d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate or the Designated Branch of an SCSB;
- (e) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest and in relation to ASBA Bidders in any other mode other than blocked amounts in the bank accounts maintained by SCSBs;
- (f) Do not send Bid cum Application Forms by post; instead submit the same to the Syndicate or a Designated Branch of an SCSB, as applicable;
- (g) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

- (h) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue size and / or investment limit or maximum number of Equity Shares that can be held under applicable laws or regulations or the maximum amount permissible under applicable regulations;
- (i) Do not submit more than five Bid cum Application Forms per bank account with respect to applications through ASBA process;
- (j) Do not Bid for amount exceeding ₹ 2,00,000 in case of a Bid by Retail Individual Bidders;
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Method and Process of Bidding

- (a) Our Company and the BRLM shall declare the Bid Opening Date and Bid Closing Date at the time of filing the Red Herring Prospectus with the RoC and shall also publish it in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language, atleast two Working Days prior to the Bid Opening Date.
- (b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the BRLM, and advertised in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language, atleast two Working Days prior to the Bid Opening Date.
- (c) Bidders who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate, their authorized agents or SCSBs to register their Bids, during the Bidding Period. The members of the Syndicate shall accept Bids from the all Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and the Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the members of the syndicate or Designated Branches of the SCSBs to register their Bids.
- (d) The Bidding Period shall be for a minimum of three Working Days and not exceeding 10 Working Days (including the days for which the Issue is open in case of revision in Price Band). If the Price Band is revised, the revised Price Band and the Bidding Period will be published in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language, together with an indication of such change on the websites of the BRLM and SCSBs and at the terminals of the Syndicate Members.
- (e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see “**Bids at Different Price Levels**” below, within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation / Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (f) The Syndicate or the SCSBs will enter each Bid option into the electronic Bidding system as a separate Bid and generate a Transaction Registration Slip (“**TRS**”), for each price and demand option and shall, on demand, give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- (g) With respect to ASBA Bidders, on receipt of the Bid cum Application Form, submitted whether in physical or electronic mode (whether through member of the syndicate or directly from the bidder), the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid. Where the bidder has submitted the bid directly with the Designated Branch of SCSBs and if sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSBs shall reject such Bid and shall not upload such Bid with the Stock Exchanges. Where the bid has been uploaded by the member of the syndicate and Bid cum application form is submitted with the specified Branch of SCSBs in specified cities and if sufficient funds are not available in the ASBA Account, the bid will be treated as invalid and will not be considered for the purpose of allotment under the Issue.
- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Payment Instructions” on page 189 of the Draft Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

- (a) The Price Band and the minimum Bid lot size shall be decided by our Company in consultation with the BRLM and advertised atleast two Working Days prior to the Bid Opening Date, in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language, atleast two Working Days prior to the Bid Opening Date.
- (b) Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on either side i.e. the floor price can move upward or downward to the extent of 20% of the floor price disclosed atleast two Working Days prior to the Bid Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bidding Period will be extended for atleast three additional Working Days after revision of Price Band subject to a maximum of 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language and also by indicating the change on the websites of the BRLM, the SCSBs and at the terminals of the Syndicate Members.
- (d) Our Company in consultation with the BRLM can finalize the Issue Price within the Price Band in accordance with this section, without the prior approval of or intimation to the Bidders.
- (e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at Cut-off Price. However, Bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price with the members of the Syndicate. In case of ASBA Bidders Bidding at Cut-off Price (other than QIBs and Non-Institutional Bidders), the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, the Bidder shall receive the refund of the excess amounts from the Escrow Account(s) or the excess funds shall be unblocked from their ASBA Accounts, as the case may be.
- (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 revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 2,00,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000 for Retail Individual Bidders Bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft 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 Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding would be refunded from the Escrow Account(s) or the excess funds shall be unblocked from their ASBA Accounts, as the case may be.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of Bidder's PAN, Depository Participant's name, DP ID number and beneficiary account number provided by them in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate and the SCSBs, as the case may be, the Registrar to the Issue will obtain from the Depository the demographic details including the Bidder's address, occupation and bank account details including the nine-digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf ('Demographic Details'). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders, CANs and allocation advice. Hence, Bidders are advised to immediately update their bank account details and Demographic Details as appearing on the records of the Depository Participant and ensure that they are true and correct. Failure

to do so could result in delays in dispatch/credit of refunds to Bidders at the Bidders sole risk and neither the Syndicate or the Registrar to the Issue or the Escrow Collection Banks or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR PAN, DP ID NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE PAN GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS PROVIDED TO THE DEPOSITORY. IF THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, on request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Any such delay shall be at the Bidders sole risk and neither our Company nor Escrow Collection Banks nor the Syndicate shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Draft Red Herring Prospectus, Bidders may note that refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, Bidders PAN (in case of joint Bids, PAN of first applicant), the DP ID and the beneficiary's identity, such Bids are liable to be rejected.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Accounts with the Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account(s) until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

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

Bids by QIB Bidders and Non Institutional Bidders will not be accepted through any mode other than ASBA.

Payment into Escrow Account(s) for Bidders other than ASBA Bidders

Each Bidder (other than ASBA Bidders) shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the entire Bid Amount as per the following terms:

- (a) The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the entire Bid Amount in favour of the Escrow Account(s) and submit the same to the member of the Syndicate. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order shall not be accepted.
- (b) The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:
 - In case of Resident Retail Bidders: “Escrow Account – G B Tools Public Issue - R”
 - In case of Non-Resident Retail Bidders: “Escrow Account – G B Tools Public Issue - NR”
- (c) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of NRO Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
- (d) In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
- (e) In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- (f) The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders until the Designated Date.
- (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- (h) On the Designated Date and no later than 10 Working Days from the Bid Closing Date, the Registrar to the Issue shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
- (i) Payments should be made by cheque, or a demand draft drawn on any bank (including a cooperative Bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash, stockinvest, money orders or postal orders will not be accepted.
- (j) In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.
- (k) Except in case of ASBA Bids, Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque/demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.

Payment Mechanism for ASBA Bidders

All QIB Bidders and Non Institutional Bidders shall make application under this Issue only through the ASBA process. Retail Individual Bidders also have an option to place their bid in the Issue through the ASBA process.

The ASBA Bidders shall specify the bank account number in the Bid cum Application Form. The ASBA Bidder may submit the Bid cum application form either with the Syndicate in specified cities or Designated Branches of SCSBs for uploading of bid. Where the Bid cum application form is submitted with the Syndicate, it will upload the bid and submit the form with the specified branch of SCSBs in specified cities and the SCSBs shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid cum Application Form. If the Bid cum application form is submitted with any Designated Branch of SCSBs, the Designated Branch shall block an amount equivalent to the Bid amount in the Bank account specified in the Bid cum application form. The SCSBs

shall keep the Bid Amount in the relevant bank account blocked until withdrawal / rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. In the event of withdrawal or rejection of the Bid cum Application Form, failure of the Issue or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Bid Amount in the relevant bank account within eight Working Days from the Bid Closing Date and the SCSBs shall unblock the Bid Amount within one Working Day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal / failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Other Instructions

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid cum Application Form (and not more than one) for the total number of Equity Shares required. Two or more Bid cum Application Forms will be deemed to be multiple Bids if the sole or first Bidder is one and the same. It is clarified, however, that Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered multiple Bids.

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.

After Bidding on an Bid cum Application Form either in physical or electronic mode, where such ASBA Bid has been submitted to the Syndicate or any Designated Branch of SCSBs and uploaded with the Stock Exchanges, an ASBA Bidder cannot Bid, either in physical or electronic mode, on another Bid cum Application Form. Submission of a second Bid cum Application Form, whether to either the same or to another Designated Branch of the SCSB, or a member of the syndicate, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the ASBA Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in *“Offering Information - Build up of the Book and Revision of Bids”* above.

More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.

Our Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple Bids are provided below:

1. A check will be carried out for the same PAN. In cases where the PAN is same, such Bids will be treated as multiple Bids.
2. Further, in the case of Mutual Fund Bidders and FII sub-accounts, Bids which use the same PAN, the Bid cum Application Forms will be scrutinised for DP ID and Beneficiary Account Numbers. In case such Bid cum Application Forms bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

PAN

Except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, the Bidders, or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. In accordance with the SEBI ICDR Regulations, the PAN would be the sole

identification number for participants transacting in the securities market, irrespective of the amount of transaction.

Any Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Right to Reject Bids

In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has right to reject Bids based only on technical grounds and/or as specified in the Draft Red Herring Prospectus. In case of QIB Bidders Bidding in the QIB Portion, our Company, in consultation with the members of the Syndicate, may reject Bids provided that such rejection shall be made at the time of acceptance of the Bid and the reasons for rejecting the same shall be provided to such Bidder in writing. Consequent refunds shall be made through any of the modes described in the Draft Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

With respect to ASBA Bids, where the Bid cum application form is submitted with any Designated Branch of SCSBs, such Designated Branch shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. With respect to ASBA Bids, where Bid cum application form is bidden by the Syndicate and submitted with specified branch of SCSBs in specified cities, and if sufficient funds are not available in the ASBA Account, the bid will be treated as invalid and will not be considered for the purpose of allotment under the Issue. Subsequent to the acceptance of the ASBA Bid / blocking of funds by the SCSBs, our Company would have a right to reject the ASBA Bids only on technical grounds as specified in the Draft Red Herring Prospectus.

The Bidders may note that in case the DP ID, Beneficiary Account Number and PAN mentioned in the Bid cum Application Form and entered into the electronic Bidding system of the Stock Exchanges by the Syndicate and the SCSBs, as the case may be, do not match with the DP ID, Beneficiary Account Number and PAN available in the depository database, the Bid is liable to be rejected.

Grounds for Technical Rejection

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

1. Amount paid or, with respect to ASBA Bids, the amounts mentioned in the Bid cum Application Form does not tally with the amount payable for the highest value of the Equity Shares Bid for;
2. Age of First Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors (except minors applying through Guardian), insane persons;
5. PAN not stated (except for Bids on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price over the Cap Price;
9. Bids at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Submission of more than five Bid cum Application Forms per ASBA Account with respect to ASBA bid;
11. Bids for number of Equity Shares which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids as described in the Draft Red Herring Prospectus;
14. In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted;
15. Bids accompanied by cash, stockinvest, money order or postal order;
16. Signature of sole and/or joint Bidders missing. In addition, with respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;

17. Bid cum Application Form does not have the stamp of the BRLM, the Syndicate Members or Designated Branches of the SCSBs;
18. Bid cum Application Form does not have Bidder's depository account details or the details given are incomplete;
19. Bidder applying through ASBA process has not mentioned the Bank account details in the Bid cum application form in which funds has to be blocked;
20. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;
21. In case no corresponding record is available with the Depositories that matches three parameters namely, PAN (in case of joint Bids, PAN of the first applicant), the DP ID and the beneficiary's account number;
Bidders may note that in case the DP ID and Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate or the SCSBs, as the case may be, do not match with the DP ID and Client ID and PAN available in the depository database, the Bid is liable to be rejected.
22. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
23. Bids for amounts greater than the maximum permissible amounts prescribed by applicable law;
24. Bids by QIB Bidders and Non Institutional Bidders not made through the ASBA process;
25. Bids by OCBs;
26. Bids by persons in the United States;
27. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
28. Bids not uploaded on the terminals of the BSE and the NSE;
29. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders uploaded after 4.00 P.M. on the Bid Closing Date;
30. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
31. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and
32. Bids that do not comply with the securities laws of the Bidders' respective jurisdictions.

Electronic Registration of Bids

- (a) The members of the Syndicate and the SCSBs will register the Bids received on the online facilities of the Stock Exchanges. There will be atleast one online connectivity in each city, where the Stock Exchanges are located in India and where such Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Bids accepted by the Syndicate Members and the SCSBs, (ii) the Bids uploaded by the Syndicate Members and the SCSBs, (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the members of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them.
- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents and the SCSBs during the Bidding Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis.
- (c) On the Bid Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on Monday to Friday (excluding any public holiday).
- (d) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges a graphical representation of consolidated demand and price would be made available at the bidding centres and at the websites of each of the Stock Exchanges during the Bidding Period.

- (e) At the time of registering each Bid, the members of the Syndicate or the Designated Branches of the SCSBs in case of ASBA Bids shall enter the following details of the Bidder in the electronic system:
- Name of the company.
 - Bid cum Application number.
 - Investor Category – Individual, Corporate, non-institutional, qualified institutional buyer, Eligible NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount and the price option.
 - Depository Participant Identity (“**DP ID**”) and Client Identification Number of the beneficiary account of the Bidder.
 - PAN.
 - Cheque amount and cheque number.
- (f) A system generated TRS will, on demand, be given to the Bidder as a proof of the registration of each of the Bidding options. **It is the Bidder’s responsibility to obtain the TRS from the members of the Syndicate or Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated / allotted.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In case of QIB Bidders (other than QIB bids uploaded by the SCSBs), the Syndicate and the specified sub-Syndicate members have a right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, bids may not be rejected except on technical grounds. Further, the SCSBs shall have no right to reject Bids except on technical grounds.
- (i) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (j) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. The members of the Syndicate shall be given one additional day after the Bid Closing Date to verify the information uploaded on the online IPO system during the Bidding Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between the BSE or the NSE and the Syndicate or the SCSBs, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned. If a member of the Syndicate finds any discrepancy in the PAN, DP ID and the Beneficiary Account Number, it will correct the same and then send the data to the Registrar to the Issue for reconciliation and allotment of Equity Shares.

Build up of the book and revision of Bids

- (a) Bids received from various Bidders through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges’ mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM at the end of the Bidding Period.
- (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 Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not

being revised, in the Revision Form. The members of the Syndicate and the SCSBs will not accept incomplete or inaccurate Revision Forms.

- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate or the Designated Branch of the SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. With respect to ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment.

When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and will, on demand, receive revised TRS from the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Price Discovery and Allocation

- (a) Based on the demand generated at various price levels, our Company, in consultation with the BRLM, shall finalize the Issue Price.
- (b) Under subscription, if any, in any category would be met with spill-over from other categories or a combination of categories in accordance with applicable laws, regulations and guidelines. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the remaining QIB Portion and be allocated proportionately to the QIB Bidders. Further, not less than 15% and 35% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price.
- (c) Allocation to Non-Residents, including Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI, applying on repatriation basis will be subject to applicable law.
- (d) The BRLM, in consultation with our Company shall notify the Syndicate of the Issue Price.
- (e) Our Company reserves the right to cancel the Issue any time after the Bid Opening Date, but before the Allotment. In terms of the SEBI ICDR Regulations, QIB Bidders Bidding in the QIB Portion shall not be allowed to withdraw their Bid after the Bid Closing Date.
- (f) The Basis of Allotment details, which the Stock Exchanges shall approve within eight Working Days of the Bid Closing Date, shall be posted on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will update and file the updated Red Herring Prospectus with the RoC in terms of Section 56, 60 and 60B of the Companies Act, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Pre Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in [●] edition of [●] in the English language, [●] edition of [●] in the Hindi language and [●] edition of [●] in the Punjabi language. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of this Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (“CAN”)

- (a) On approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the members of the Syndicate and SCSBs a list of their Bidders who have been allocated / allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, our Company shall ensure that instructions for the demat credit of the Equity Shares to all Bidders in this Issue shall be delivered on the date of Allotment (which shall be the same date for all Bidders in this Issue).
- (b) The Registrar to the Issue will then dispatch a CAN to the Bidders who have been allocated Equity Shares in this Issue.
- (c) Bidders who have been allocated Equity Shares shall receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account.
- (d) The issuance of CANs is subject to “Notice to QIBs - Allotment Reconciliation” on page 196 of the Draft Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation

After the Bid Closing Date, an electronic book will be prepared by the Registrar to the Issue on the basis of Bids uploaded on the Stock Exchange systems. This shall be followed by a physical book prepared by the Registrar to the Issue on the basis of the Bid cum Application Forms received.

Designated Date and Allotment of Equity Shares

- Our Company will ensure that (i) Allotment of Equity Shares; (ii) credit to successful Bidder’s depository account will be completed within 11 Working Days of the Bid Closing Date.
- In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated / allotted to them pursuant to this Issue.

Basis of Allotment**(i) 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 Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

(ii) 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 Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue Size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment refer below.

(iii) For QIBs in the QIB Portion

- 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 Allotment to all successful QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - In the event Mutual Fund Bids exceed 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - In the event the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below.
 - (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - In the event of 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.
 - Mutual Funds which have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - 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.

Illustration regarding allotment to QIBs and Mutual Funds

(1) Issue Details

S. No.	Particulars	Issue details
1	Issue size	14,000 lacs equity shares
	Portion available to QIBs	7,000 lacs equity shares
	Of which	
a.	Reservation to MF (5%)	350 lacs equity shares
b.	Balance for all QIBs including MFs	6,650 lacs equity shares
2	No. of QIB applicants	10
3	No. of shares applied for	50,000 lacs equity shares

(2) Details Of QIB Bids

S. No.	Type of QIB bidders	No. of shares bid for (in lakhs)
1	A1	5,000
2	A2	2,000
3	A3	13,000

S. No.	Type of QIB bidders	No. of shares bid for (in lakhs)
4	A4	5,000
5	A5	5,000
6	MF1	4,000
7	MF2	4,000
8	MF3	8,000
9	MF4	2,000
10	MF5	2,000
	TOTAL	50,000

A1-A5 (QIB bidders other than MFs)

MF1-MF5 (QIB bidders which are MFs)

(3) Details of Allotment to QIB Bidders

(No. of equity shares in lakhs)

Type of QIB bidders	Equity shares bid for	Allocation of 350 lacs equity shares to MFs proportionately (See Note 2)	Allocation of balance 6,650 lacs equity shares to QIBs proportionately (See Note 4)	Aggregate allocation to MFs
A1	5000	0	665.00	0
A2	2000	0	266.00	0
A3	13000	0	1,729.00	0
A4	5000	0	665.00	0
A5	5000	0	665.00	0
MF1	4000	70	532.00	602.00
MF2	4000	70	532.00	602.00
MF3	8000	140	1,064.00	1,204.00
MF4	2000	35.00	266.00	301.00
MF5	2000	35.00	266.00	301.00
	50000	350.00	6650.00	3010.00

Notes:

- (4) The illustration presumes compliance with the provisions of Regulation 50(1) pertaining to minimum allotment.
- (5) Out of 7,000 lacs equity shares allocated to QIBs, 350 lacs (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.
- (6) The balance 6,650 lacs equity shares [i.e. 7000 – 350 (available for MFs)] will be allocated on proportionate basis among 10 QIB applicants who applied for 50,000 lacs equity shares (including 5 MF applicants who applied for 20,000 lacs equity shares).
- (7) The figures at Col. No. IV are arrived as under:
 - (a) For QIBs other than mutual funds (A1 to A5) = No. of shares bid for (i.e Col II) X 66.5 / 496.5
 - (b) For mutual funds (MF1 to MF5) = {(No. of shares bid for (i.e Col II) less shares allotted (i.e., col. III)} X 665 / 4,965
 - (c) The numerator and denominator for arriving at allocation of 6,650 lacs shares to the 10 QIBs are reduced by 350 lacs shares, which have already been allotted to mutual funds at Col. No. (III).

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of

Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

- (c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- (d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [●] equity shares but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.50 or higher. If that number is lower than 0.50, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). Our Company has entered into agreements with respective Depositories and the Registrar to the Issue:

- Agreement dated [●] between NSDL, our Company and the Registrar to the Issue;
- Agreement dated April 09, 2012 between CDSL, our Company and the Registrar to the Issue.

Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have atleast 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 PAN, Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) Trading in the Equity Shares would be in dematerialised form only, on the demat segment of the respective Stock Exchanges.

Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue. Investors are advised to instruct their DP to accept the Equity Shares that may be allocated to them, pursuant to the issue.

Communications

All future communications in connection with Non-ASBA 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, PAN, Bidders depository account details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof. With respect to ASBA Bids, Registrar to the Issue or Bank in which an amount equivalent to the Bid Amount was blocked may be contacted.

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 of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted with the Designated Branches of the SCSBs, Bidders can contact the Designated Branch of the SCSB.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years.”

Payment of Refund

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, PAN, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders’ bank account details, including the MICR code. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders’ sole risk and neither our Company, the Registrar to the Issue, 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 for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

1. NECS - Payment of refund would be done through NECS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories. The payment of refunds is mandatory for Bidders having a bank account at any of the abovementioned centres, except where the Bidder, being eligible, opts to receive refund through direct credit or RTGS.
2. Direct Credit - Bidders having bank accounts with the Refund Bank(s), as mentioned in the Bid cum Application Form shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS - Bidders having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI and whose refund amount exceeds ₹ 2 lakhs, have the option to receive refund through RTGS. Such eligible Bidders who indicate their preference to receive refund through RTGS are required to provide the Indian Financial System Code (“IFSC”) code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Bidder’s bank receiving the credit would be borne by the Bidder.
4. National Electronic Fund Transfer (“NEFT”) - Payment of refund shall be undertaken through NEFT wherever the Bidders’ bank branch is NEFT enabled and has been assigned the IFSC, which can be linked to an MICR code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with an MICR code. Wherever the Bidders have registered their MICR number and their bank account number while opening and operating the demat

account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Bidders through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

5. For all other Bidders, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through Speed Post/Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid Closing Date.

Disposal of Applications and Application Moneys and Interest in Case of Delay

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges after the allotment of Equity Shares.

In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 10 Working Days of the Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 12 Working Days of the Bid Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 10 Working Days of the Bid Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 Working Days of the Bid Closing Date would be ensured. With respect to the ASBA Bidders' instructions for unblocking of the ASBA Bidder's bank account shall be made within eight days from the Bid Closing Date; and
- Our Company shall pay interest at 15% p.a. for any delay beyond the 10 Working Days' time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors.
- In case listing permission is not granted to our Company, we shall repay the money within eight days from the date of refusal by the Stock Exchange(s). If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act, 1956.

Letters of Allotment or Refund Orders or instructions to the SCSBs

Bidders residing at the centres where clearing houses are managed by the RBI will get refunds through NECS only, except where the Bidder is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure that refund orders, if any, are dispatched by registered or speed post at the sole or first Bidder's sole risk within 10 Working Days of the Bid Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them of the mode of credit of refund within 10 Working Days of the Bid Closing Date.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within eight Working Days of the Bid Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

Interest in case of delay in dispatch of Allotment Letters or Refund Orders/instruction to SCSB by the Registrar to the Issue

Allotment of Equity Shares in the Issue, including the credit of allotted Equity Shares to the beneficiary accounts of the Depository Participants, shall be made not later than 10 Working Days of the Bid Closing Date. In case of ASBA Bids, instructions will be issued to relevant SCSBs to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBAs within 10 working days of the Bid / Issue Closing Date.

Our Company further agrees that it shall pay interest at the rate of 15% p.a. for the period of delay if the allotment is not made or refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and / or demat credits are not made to investors, within 10 working days of the Bid / Issue Closing Date.

In case listing permission is not granted to our Company, we shall repay the money within eight days from the date of refusal by the Stock Exchange(s). If such money is not repaid within eight days from the date of refusal by the Stock Exchange(s) to grant the permission for listing and trading of equity shares, the Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money with interest at the rate of 15% as prescribed under Section 73 of the Companies Act, 1956.

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

UNDERTAKING BY OUR COMPANY

Our Company undertakes the following:

1. that the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily
2. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within 12 working days from the closure of the Issue
3. that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrars to the Issue by us
4. that where the refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicants within 10 working days from the closure of the Issue giving details of the Bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. that the dispatch of refund orders and demat credit is completed and the allotment and listing documents will be submitted to the Stock Exchanges within eleven working days from the closure of the Issue
6. that the refund orders to the Non-Resident Indians shall be dispatched within specified time
7. that the Company agrees that it shall pay interest @ 15% p.a. if the allotment is not made and / or the refund orders are not dispatched to the investors within 10 working days from the date of closure of the Issue for the period of delay beyond 10 working days.
8. that no issue of securities shall be made till the securities offered through the Draft Red Herring Prospectus until the shares are listed or application moneys are refunded on account of non-listing, under subscription, etc.

9. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certifies that:

- a) All monies received out of the Issue of shares 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, 1956;
- b) Our Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchanges.
- c) Details of all monies utilized out of the Issue referred to in (a) above shall be disclosed under an appropriate separate head in the balance sheet of our Company, indicating the purpose for which such monies have been utilized;
- d) Details of all unutilized monies out of the Issue of shares referred to in (a) above, if any, shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Further, there is no Promoters' Contribution in this Issue.

Pre and Post Issue Related Grievances:

We have appointed Mr. Bikram Singh Rana, Finance Controller as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems, at the following address:

Mr. Bikram Singh Rana

Finance Controller

G B Tools & Forgings Limited

11th Mile Stone, VPO Mand,

Kapurthala Road, Jalandhar - 144 001

Tel.: +91 181 506 7878

Fax: +91 181 501 7878

Website: www.gbtools.in

Email: compliance@gbtools.in

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, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Withdrawal of Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid Opening Date but before Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two Working Days of such withdrawal, providing reasons for not proceeding with the Issue. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

In the event our Company, in consultation with the BRLMs, withdraws the Issue after the Bid Closing Date, a fresh offer document will be filed with the RoC / SEBI in the event we subsequently decide to proceed with a public offering.

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

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Share Capital

3. The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association of the Company, with the power to sub-divide, consolidate and increase or decrease and with power from time to time, to issue any share of the original capital or any capital with and subject to any preferential, qualified or special rights, privileges or conditions as may be thought fit and upon the sub-division of a share to apportion the right to participate in profit in any manner as between the shares resulting from such sub-division.
6. 1. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
 - (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;
 - (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
 - (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.
2. Notwithstanding anything contained in sub clause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
 - (a) If a special resolution to that effect is passed by the company in general meeting, or
 - (b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting andp the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - (a) To extend the time within which the offer should be accepted; or
 - (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:
 - i. To convert such debentures or loans into shares in the company; or
 - ii. To subscribe for shares in the company

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

 - (a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
 - (b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the

same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

7. Any application signed by or on behalf of any applicant for shares in the Company, followed by an allotment of any share herein shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a member.
10. None of the funds of the Company shall be applied in the purchase of any share of the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any share in the Company or in its holding Company save as provided by Section 77 of Act.
12. Every member shall be entitled, without payment to one or more certificate in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the directors may determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the condition of issue thereof otherwise provide, or within 2 months of receipt of application of registration of transfer, transmission, subdivision, consolidation or renewal of any of its shares as the case may be, every certificates of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.
13. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the article shall be issued without payment of fees if the directors so decide or on payment of such fees(not exceeding Rs. 2 for each certificate) as the director shall prescribe, provided that no fees shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.
Provided that notwithstanding what is stated above the directors shall comply with such rules or regulation or requirements of any stock exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.
The provision of the Article shall mutatis mutandis apply to debentures of the Company.
14. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any share or debentures in the Company, but the commission shall not exceed in the case of shares 5 (five) per cent of the price at which the shares are issued, and in the case of debentures 2½ (two and a half) per cent of the price at which the debentures are issued. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.

Dematerialisation of Shares

16. Dematerialisation: Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or to offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.

17. Options for Investors: Subject to Section 68B of the Act, every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in a 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.
19. Securities in Depositories to be in Fungible form: All Securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.
20. Rights of Depositories & Beneficial Owners:
 - a. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
 - b. Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - c. Every Person holding shares 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 Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.
22. Nothing contained in Section 108 of the Act, or these Articles shall apply to a transfer of securities affected by transferor and transferee both of whom are entered as Beneficial Owner in the records of a Depository. In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.
25. Register and Index of Beneficial Owners: The Register and Index of Beneficial Owner maintain by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Members and security holders for the purposes of these Articles.

Calls

26. The Directors may from time to time, subject to the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments, thereof made payable at fixed times and each member shall pay the amount of every call so made by him to the person and at the time and place appointed by the Directors. A call may be made payable by installments.
27. A Call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed, Not less than fourteen days notice of any call shall be given specifying the time and place of payment and to whom such call be paid.
28. The Board may from time to time and at its discretion, extend the time fixed for the payment of any call and may extend such time as to call of any of the members who owing to residence at a distance or other cause, the Board may deem fairly entitled to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.
29. If any member fails to pay any call, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time, be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover from any such member and the Board shall be at liability to waive payment of such interest either wholly or in part.
30. If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or installments at fixed times, whether on account of the amount of share or by way of premium every such amount or installment shall be payable as if it were a call duly made by the Directors and on which due notice had been given and all provisions herein contained in respect of call made to such amount or installment accordingly.
32. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advanced, or so much

thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the directors agree upon provided that money paid in advance of call shall not confer a right to participate in profit or dividend. The directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting right in respect of the money so paid by him until the same would but for such payment, becomes presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

Joint Holders

33. Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Presents:
- (a) Shares may be registered in the name of any person, company or other body corporate but not more than three persons shall be registered jointly as members in respect of any shares
 - (b) The certificate of shares registered in the name of two or more persons shall be delivered to the person first named on the Register.
 - (c) The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof
 - (d) If any shares stands in the names of two or more persons, the persons first named in the register shall as regards receipt of share certificates, warrants dividends or bonus or service of notices and all or any other matter connected with the company, except voting at meetings, and the transfer of the shares, be deemed as sole holder thereof but the joint holders of share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
 - (e) In case of death of any one or more of the persons named in the register of members as the joint holders of any share, the survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased jointholder from any liability on shares held by him jointly with any other person.
 - (f) If there be joint registered holders of any shares any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he was solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said persons so present whose name stands on the register of members shall alone be entitled to vote in respect of such shares, but the other or others joint holders shall be entitled to be present, at the meeting. Several executors or administrators of a deceased member in whose names shares stand shall for the purpose of these articles be deemed joint holders thereof.
 - (g) A document or notice may be served or given by the Company on or to joint holder of a share by serving or giving the document or notice on the joint holder named first in the register of members in respect of the share.

Forfeiture and Lien

34. If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the directors may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
35. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed the shares in respect of which such call was made or installment is payable to be forfeited.
36. If the requisition of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter before payment of all calls, installments, interest and expenses due in respect thereof, be forfeited by a resolution of the directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
37. When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall

forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry so aforesaid.

38. Any share so forfeited shall be deemed to be property of the company and the directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.
39. The Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof on such conditions as they think fit.
43. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of the each member (whether solely or jointly with others) and upon the proceeds of the sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debenture and no equitable interest in any share shall be created except upon the footing and condition that this article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures, unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures wholly or in part to be exempt from the provisions of the clause.
44. For the purpose of enforcing such lien, the directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have been served on such member, his executors or administrators or his committee curators bonis or other legal curator and default shall have been made by him or them in the payment of moneys called in respect of such shares for seven days after such notice.
45. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and residue, if any, shall (subject to a like lien for sums not presently payable, as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

Increase, reduction and alteration in Authorised, Issued and Subscribed Capital

48. The Company may from time to time, in general meeting by ordinary resolution increase the authorized share capital by creation of new shares of such amount as it thinks expedient.
50. The Company may, (subject to the provisions of Section 100 to 104 of the Act), from time to time, by Special Resolution reduce its shares capital, any capital redemption reserve account or any share premium account in any way authorized by law.
51. The Company may in general meeting by ordinary resolution subject to the provisions of the Act, alter the conditions of Memorandum of Association as follows:
 - (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - (b) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum of Association, subject nevertheless to the Provisions of the Act and of these Articles.
 - (c) Cancel shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
 - (d) Convert all or any of its fully paid shares into stock and re-convert that stock into fully paid up shares of any denomination.

Modification of Class Rights

60. If at any time the capital, by reason of the issue of preference shares or otherwise is divided into different class of shares, all or any of the right and privileges attached to each class may, subject to the provisions of Section 106 and 107 of Act, be modified, abrogated or dealt with subject to:
 - (a) The consent of the holders of not less than three fourth of the issued shares of class, or
 - (b) The sanction of special resolution passed at a separate meeting of the holders of the issued shares of that class & to every such separate meeting, provision herein contained as to general meeting shall mutatis-mutandis apply.

Transfer and Transmission Of Shares

62. (a) The instrument of transfer of any shares in the Company shall be executed both by the transferee and the transferor and the transferor shall be deemed to remain holder of the shares until the name of the

- transferee is entered in the register of members in respect thereof.
- (b) The company shall not register a transfer of shares in or debentures of the Company, unless proper instrument of transfer duly stamped and executed by or on behalf of the transferor and transferee and specifying the name, address and occupation, if any of the transferee has been delivered to the company alongwith the certificate relating to the shares or debentures provided that where on an application made in writing to the Company by transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that instrument of transfer signed by or on behalf of the transferor and transferee has been lost, the company may register on such terms as to indemnity or otherwise as the Board may think fit.
 - (c) An application for the registration of the transfer of any shares may be made either by the transferor or by the transferee, provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be affected unless the company give notice of the application to the transferee in accordance with Section 110 of the Act.
 - (d) Prepaid registered post to the transferee at the address given in the instrument of transfer shall be deemed to have been delivered in the ordinary course of post.
 - (e) Nothing in sub-clause (d) shall prejudice any power of the Board of Directors to register as a shareholder any person to whom the right to any share has been transmitted by the operation of law.
 - (f) Nothing in this Article shall prejudice the power of the Board of Directors to refuse to register the transfer of any share to a transferee, whether a member or not.
 - (g) The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
64. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of member in or debenture of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal, Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
65. The executors or administrators or holders of a succession certificate or the legal representatives of deceased not being one or two or more joint holders shall be only persons recognized by the Company as having any title to the shares registered in the name of such member and the company shall not be bound to recognize such executors, administrators or holders of succession certificate or the legal representatives unless they shall have first obtained Probate or Letters of Administration or Succession Certificate or other legal representation as the case may be, from a duly constituted court in the union of India, provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letter of Administration or Succession Certificate upon such terms as indemnity or otherwise as the Board, in its absolute discretion may think necessary and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.
- 65A. A holder or joint holders of shares in or debentures of the Company may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956 (including any amendment thereto or any re-enactment thereof) and in the manner prescriber there under, any person to whom all the rights in the shares in or debentures of the Company shall vest in the event of death of such holders(s). Any nomination so made shall be dealt with by the Company in accordance with the provisions of Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
67. The person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he was registered holder of the shares except that he shall not before being registered as a member in respect of it, to exercise a right conferred by membership in relation to the meeting of the Company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if notice is not complied with within sixty days, the Board may thereafter withhold payment of all dividends,

bonus or other money payable in respect of the share until the requirements of the notice have been complied with, subject to Section 205A of the Act.

69. No fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.
74. Any debentures, debenture-stock or other securities may be issued at discount, premium or otherwise and subject to the provisions of the Act, may be issued on condition that they shall be convertible into shares of any denomination and with any privileges or condition as to redemption, surrender, drawing, allotment of shares and attending (but no voting) General Meetings, appointment of directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting by a special resolution.
75. If any uncalled capital of the company included in or charged by any mortgages of securities, the directors may subject to the provisions of the Act and these presents make calls on members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

Buy Back of Securities

78. Notwithstanding anything contained in these Articles, the Company shall have the power to buy-back its shares or other securities in accordance with the provisions of Section 77A, 77AA and 77B of the Act, from its existing shareholders or the holder of other securities on a proportionate basis or by purchase of shares or securities issued to the employees of the Company pursuant to scheme of stock option or Sweat Equity.

Reserve and Depreciations Fund

79. The Directors may, subject to the Companies (Transfer of Profits to Reserves) Rules, 1975, from time to time, before recommending any dividend set apart any and such portion of the profits of the Company as they think fit as a Reserve Fund to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the company for equalization of dividends or for repairing, improving and maintaining any of the property of the Company and for such other purposes of the company as the directors in their absolute discretion think conducive to the interest of the Company and may invest the several sums so set aside upon such investments (other than shares of the company) as they think fit and from time to time, deal with every such investment and dispose of all or any part thereof the benefit of the company and may divide the Reserve Fund into such special funds as they think fit, with full power to transfer the whole or any portion of a Reserve Fund into such special funds as they think fit, with full power to transfer the whole of any portion of a Reserve Funds and also with full power to employ the Reserve Funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same.

General Meetings

82. (1) In addition to any other meetings, General meetings, of the Company shall be held at such intervals as are specified in Section 166 (1) of the Act and subject to the provisions of Section 166 (2) of the Act, at such times and places as may be determined by the Board.
(2) Each such General Meeting shall be called Annual General Meeting. Every Annual General Meeting shall be called for a time during business hours on a day that is not a public holiday and shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situated.
83. All other meetings of the Company other than those referred to in the preceding clause shall be called Extraordinary General Meetings
84. The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than 1/10, (one-tenth) of the paid up capital of the company as at that date carries the right of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the company and in the case of such requisition the provision of Section 169 of the Act shall apply.
85. Twenty-one days, notice at least of every General Meeting, Annual or Extraordinary and by whomsoever called, specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such persons as are under these presents or the

Act entitled to receive notice from the company provided that in the case of an annual meeting with consent in writing of all the members entitled to vote and in the case of any other meeting with the consent of the members holding not less than 95% (Ninety five per cent) of such part of the paid-up capital of the company as gives a right to vote at the meeting, a meeting may be convened by shorter notice. In the case of an Annual General Meeting, if any business other than (i) the consideration the accounts balance sheets and reports of the Board and Auditors, (ii) the declaration of dividend (iii) the appointment of directors in place of those retiring, (iv) the appointment of and fixing of the remuneration of auditors is to be transacted and in the case of any other meeting in any event, there shall be annexed to the notice of the meeting an explanatory statement setting out all the material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every director and manager (if any).

86. The accidental omission to give such notice to or the non-receipt of notice by any of the members or persons entitled to receive the same shall not invalidate the proceedings at any such meeting.
87. At least Five members present in person shall be a quorum for a General Meeting. A corporation being a member shall be deemed to be personally present if it is represented, in accordance with Section 187 of the Act. The President of India or Governor of a State shall be deemed to be personally present if he is represented in accordance with Section 187A of the Act.
88. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next succeeding week which is not a public holiday at the same time and place or to such other day and such other time and place as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour, from the time, appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called.

Postal Ballot

99. Notwithstanding anything contained in these Articles, the Company may adopt the mode of passing a resolution by members of the Company by means of a Postal Ballot and / or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:-
 - (a) Particularly, resolutions relating to such business as the Central Government may by notification, declare under Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 shall be conducted only by postal ballot.
 - (b) Any business that can be transacted by the Company in General Meeting in accordance with these Articles or Act.

The Company shall comply with the procedure for such postal ballot and / or other ways prescribed by the Central Government in this regard.

Votes of Members

100. No member shall be entitled to vote either personally or by proxy for another member at any General Meeting of a class of shareholders either upon a show of hands or upon poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has any right of lien and has exercised the same.
101. (a) On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity share whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.
- (b) The voting rights of the holders of redeemable cumulative preference shares shall be in accordance with Section 87 of Companies Act, 1956.
102. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all of his votes or cast in the same way all the votes he has.
104. (1) Subject to the provisions of these present votes may be given either personally or by proxy. A corporation being a member may vote by representative duly authorized in accordance with Section 187

of the Act, and such representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other respect exercise the rights of a member and shall be reckoned as a member for all purposes.

(2) Every proxy (Whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or the hand of its officer or an attorney, duly authorized by it and any committee or guardian may appoint such proxy. The proxy, so appointed shall not have any right to speak at the meetings.

(3) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notoriety certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting failing which the person named in the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

(4) Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in either of the forms set out in Schedule IX of the Act.

(5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

Directors

106. Subject to Section 252 and 259 of the Act, the number of Directors shall not be less than three or more than twelve including nominee directors.
108. Subject to Section 313 of the Act, the Board of Directors of the Company may appoint an alternate director to act for a Director (hereinafter in this article called “ the original director) during the absence, for a period of not less than three months from the State in which meeting of the Board are ordinarily held.
109. The Directors shall have power, at any time and from time to time to appoint any qualified person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.
110. The Board of Directors shall also have power, at any time and from time to time, to appoint any other qualified person to be a Director as an addition to the Board so that the total number of Directors shall not at any time exceed the maximum fixed above.
Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting but shall be eligible for re-election at such meeting.
112. Any Trust Deed for securing debentures or debenture-stock may, if so arranged provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock of some person to be a director of the Company and may empower such trustees or holders of debentures or debenture stock from time to time remove any Director so appointed. A Director appointed under this Article is herein referred to as a “Debenture Director” and this term “Debenture Director” means a Director for the time being in office under this Article. A debenture Director shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain such ancillary provisions as may be agreed between the Company and the trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained but however, he shall be counted in determining the number of retiring Directors.
114. Subject to the provisions of Section 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of Company may as hereinafter provided. The remuneration of each Director for attending the meeting of the Board or Committee thereof shall be such sum as may, from time to time, be fixed by the Board and as permissible under Companies Act, 1956 and rules made thereunder for each such meeting of the Board or Committee thereof attended by him. Subject to the provisions of the Act, the Directors shall be paid such further remuneration (if any) as the Company in General Meeting shall, from time to time, determine and such additional remuneration shall be divided among the Directors in such proportion and manners as the Board may, from time to time, determine and, in default of such determination shall be divided among the Directors equally.

116. Subject to the provisions of the Act and these Articles, if any Directors be called upon to perform extra service or special exertions or efforts (which expression shall include work done by a Director as a member or any committee formed by the Directors) the Board arrange with such Director for such special remuneration or such extra services or special exertions or efforts by way of a fixed sum or otherwise and which may be either in addition to or in substitution for his remuneration above provide.
117. The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed the Directors shall not except in emergencies or for the purpose of filling up vacancies or for summoning general meeting of the Company act as long as number is below the minimum.
118. The office of a Director shall ipso facto be vacated on happening of any of the event provided for in Section 283 of Act.
119. Subject to the provisions of Section 297 of the Act, a Director, shall not be disqualified from contracting with the Company either as vendor purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director be void nor shall the Director so contracting or being such member so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.
124. No Director or other person referred to in Section 314 of the Act shall hold an office or place of profit save as permitted by that Section.

Rotation of Directors

126. Subject to Section 256 of Act, the Directors to retire by rotation under the last preceding Article at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall in default of and subject to any agreement among themselves be determined by lot.
127. A retiring director shall be eligible for re-election.

Proceedings of Directors

133. (a) Subject to the provisions of Section 285 of the Act, the Board of Directors may meet for the disposal of business, adjourn and otherwise regulate its meeting as it thinks fit.
- (b) Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength the number of Directors that is say the number of Directors who are not interested shall be the quorum during such time provided such number is not less than two.
134. If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the Directors present not being later than fifteen days from the date originally fixed for the meeting.
141. A resolution shall be deemed to have been duly passed by the Board or a Committee thereof by circulation, if the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual address in India and has been approved by such Directors or members of the Committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.
142. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them has been terminated by virtue of any provisions contained in the Act or in these Articles be as valid as if every such person has been duly appointed and was qualified to be a Director and had not vacated his office or his appointment had been terminated provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Power of the Board

144. Subject to the provisions of the Act, the 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 any power to do any act or thing which directed or otherwise required whether by the Act or by these presents 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 subject to the provisions in that behalf contained in the Act or any, other Act or in the Memorandum of Association of the Company or these Articles or any regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if those regulations had not been made.

Appointment and Powers of Managing Directors and Whole Time Directors

- 146.1. Subject to the provisions of the Act, the Board may appoint or reappoint one or more Managing Directors, at such conditions as they think fit provided that the period of appointment or reappointment shall not exceed 5 (five) years at one time.
2. A Managing director shall not, while he contributes to hold that office, be subject to retirement by rotation, but he shall be reckoned as a Director to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall, ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director for any cause.
3. Subject to the provisions of the Act and to the general supervision and control of the Board, any Managing Director or Managing Directors shall have the General Direction, management and superintendence of the business of the company with power to do all acts, matters and things deemed necessary, proper or expedient for carrying on the business and concerns of the company, including power to appoint, suspend and dismiss officers, staff and workmen of the Company, to make and sign all contracts and receipts and to draw, accepts, endorse and negotiate on behalf of the company all such Bills of Exchange, Promissory Notes, Hundies, Cheques, Drafts, Government Promissory Notes, or other Government papers and other instruments as shall be necessary, proper or expedient for carrying on the business of the company and to operate on the Bank accounts of the company and to represent the Company in all suits and all other legal proceedings and to engage solicitors, advocates and other Agents and to sign the papers, documents and instruments of authority, to appoint agents or other attorneys and to delegate to them such powers as the Managing Director or Managing Directors may deem and at pleasure, such powers to revoke and generally to exercise all such powers and authorities as are not by the Companies Act, 1956 for the time being in force or by these Articles expressly directed to be exercised by the Board of Directors or by the Company in General Meeting.
4. The Managing Director or Managing Directors shall not exercise the Powers to:
- (a) make calls on shareholders in respect of money unpaid on their shares in the Company
 - (b) Issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act
 - (c) Borrow moneys, otherwise than on debentures
 - (d) Invest the funds of the Company, and
 - (e) Make Loans
5. The Company shall not appoint or employ, or continue the appointment of a persons as its Managing or Whole time Director who
- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent,
 - (b) Suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made a composition with them; or
 - (c) is, or has at any time been, convicted by a court of an offence involving moral attitude.
147. Subject to the provisions of Section 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these / Articles, of Association, receive such remuneration as may, from time to time, be approved by the Company
148. Subject to the provisions of the Act and particular to the prohibitions and restrictions contained in Section 292 thereof the Board may, from time to time, entrust to and confer upon the Managing Director or Managing Directors for the time being such of the powers exercisable under these presents by Directors as

they may think fit and may confer such power for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think fit, and they may confer such powers, either collaterally with, or to the exclusion of, and in substitution for all or any of the powers of the Directors in that behalf and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

149. Subject to the provisions of the Act, the Managing Director or Managing Directors shall not, while he or they continue to hold that office, be subject to retirement by rotation in accordance with these Articles of Association but he shall be counted for determining the number of retiring Directors.
150. The Provisions of Articles 146 to 149 shall apply mutis mutandis to the appointment of Whole Time Directors.

Secretary

151. Subject to Section 383A of the Act, the Board may, from time to time appoint, and at its discretion subject to applicable provisions of the Act, if any, appoint or remove any person as the Secretary of the Company ("Secretary") to perform such duties and functions, which, by the Act or otherwise, are to be performed by the Secretary of the Company, and to execute any other duties and functions, which may from time to time, be assigned to the Secretary by the Board. A Director may be appointed as Secretary provided that any provision of the Act or these presence requiring or authorising a thing to be done by a Director and the Secretary shall not be satisfied by its being done by the same person acting as both, Director and Secretary.

Dividends

154. Subject to the Articles, any member 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 be divided in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company but so that a partly paid-up share shall only entitle the holder with respect thereto to such proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that the same shall carry interest' such capital shall not, whilst carrying interest confer a right to participate in profits.
155. The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment.
156. No large dividend shall be declared than is recommended by Directors but the Company is annual general meeting may declare a smaller dividend.
157. No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits.
160. The Board may, from time to time, pay to the members such interim dividends as in their judgment the position of the company justifies.
161. Subject to Section 205A of the Act, the Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
162. No member shall be entitled to receive payment of any interest or dividend in respect of his share(s), whilst any money may be due or owing from him to the company in respect of such share(s) or otherwise howsoever either alone or jointly with any other person(s) and the Board may deduct from the dividend payable to any member all sums of money so due to the company.
163. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer and pending registration of transfer the dividend shall be dealt with as required under Section 205A of the Companies Act, 1956.
165. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any schedule bank, to be called "G B Tools & Forgings Limited Unpaid Dividend Account".
- The Company shall transfer any money transferred to the unpaid dividend account of a Company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the fund known as Investor Education and Protection Fund established under Section 205C of the Act.
- The Board shall forfeit no unclaimed or unpaid dividend.

Capitalisation

- 166.(1) Any General Meeting may upon the recommendation of the Board resolve that any amounts standing to the credit of the Share premium Account or the Capital Redemption Account or any monies, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising out of appreciation in value of any capital assets of the Company) standing to the credit of the Capital Reserves, General Reserve, Reserve or any Reserve Fund or any other Fund of the company available for dividend, be capitalized:
- (a) by the issue and distribution as fully paid-up equity shares of the Company as a bonus issue, or
 - (b) by crediting shares of the Company which may have been issued and are not fully paid-up with the whole or any part of the sum remaining unpaid thereon:
- Provided that any amounts standing to the credit of the Share Premium Account or the Capital Reserve account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares.
- (2) Such issue and distribution under (1) (a) above and such payment to credit of unpaid shares capital under (1)(b) above, shall be made to among and in favor of the members or any class of them or any of them entitled thereto and in accordance with their respective rights and interest and in the proportion to the amount of capital paid-up on the shares held by them respectively in respect of which such distribution under (1)(a) or payment under (1)(b) above shall be made on the footing that such members become entitled thereto as capital.
 - (3) The Directors shall give effect to any resolution and apply such portion of the profits, General Reserve, Capital reserve or Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of payment in full of the shares of the Company so distributed under (1)(a) above or (as the case may be) for the purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under (1)(b) above.
 - (4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that such cash payment be made to any members on the footing of the value so fixed and may vest any such cash or shares in trustees upon such trusts for the person entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, and fractional certificates or otherwise as they may think fit.

Documents and Notice

- 176.(1) A document or notice may be served or given by the company on any member or an officer thereof either personally or by sending it by post to him to his registered address in India or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for serving document or notices on him.
- (2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided that where a member has intimated to the company in advance that documents or notice should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a notice of meeting at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case, at the time at which letter would be delivered in the ordinary course of post.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are also or may be deemed material have been entered into or will be entered into by our company. These contracts, and also the documents for inspection referred to hereunder, may be inspected at the Registered Office from 10:00 AM to 2:00 PM on working days from the date of the filing of the Draft Red Herring Prospectus.

A. Material Contracts

1. Agreement dated August 28, 2012 between our Company and the BRLM
2. Agreement dated August 28, 2012 between our Company and the Registrar to the Issue,
3. Syndicate Agreement dated [●] between our Company, BRLM and Syndicate Members,
4. Escrow Agreement dated [●] between our Company, BRLM, Syndicate Members, Escrow Collection Banks and Registrar to the Issue
5. Underwriting Agreement dated [●] between our Company and Underwriters

B. Documents for Inspection

1. Certificate of Incorporation of our Company dated February 15, 2011
2. Memorandum and Articles of our Company.
3. Tripartite Agreements with NSDL dated [●] and with CDSL dated April 09, 2012 respectively.
4. Copy of the Board Resolution dated August 24, 2012 approving this Issue.
5. Copy of resolution passed in the Extra Ordinary General Meeting of our Company held on August 27, 2012 approving the Initial Public Offering.
6. Consent of the Promoter, Directors, Auditors, Bankers to the Company, Book Running Lead Managers, Legal Counsel, IPO Grading Agency, Registrar, Syndicate Members, Bankers to the Issue, Company Secretary and Compliance Officer, in their respective capacities.
7. Shareholders Resolutions for appointment of Statutory Auditors.
8. Resolution passed by the Board of Directors for appointment and remuneration of Managing Director and Whole Time Directors.
9. Certificate dated September 01, 2012 from Auditors regarding the Statement of Tax benefits.
10. Report of the Auditors dated September 01, 2012, on restated financial statements for the last five financial years ended March 31, 2012, 2011, 2010, 2009 & 2008.
11. Audited Financial Statements of our Company for the period February 15, 2011 to March 31, 2011 and financial years ended March 31, 2012.
12. In principal listing approval for this Issue dated [●] and [●] from BSE and NSE respectively.
13. Due Diligence Certificate of SPA Capital Advisors Limited dated September 10, 2012.
14. IPO Grading Report dated [●].
15. SEBI Observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors, certify that all relevant provisions of the Companies Act and the regulations or guidelines issued by the GoI or SEBI, as applicable, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SEBI Act or the rules or regulations issued thereunder, and that all approvals and permissions required to carry on the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHAIRMAN CUM WHOLETIME DIRECTOR

Mr. Gian Prakash Bhandari

SIGNED BY THE FINANCE CONTROLLER

Mr. Bikram Singh Rana

SIGNED BY THE OTHER DIRECTORS OF OUR COMPANY

Mr. Saurabh Bhandari

Mr. Harsh Wardhan Bhatnagar*

Ms. Neelam Bhandari

Mr. Manmohan Singh Kapur *

Mr. Yash Kumar Sharma

* Through their constituted Power of Attorney

Date: September 10, 2012

Place: New Delhi