



**DRAFT RED HERRING PROSPECTUS**  
Please read Section 60B of the Companies Act, 1956  
Dated 5th December, 2009  
(The Draft Red Herring Prospectus will be  
updated upon ROC filing)  
**100% Book Building Issue**

## TARAPUR TRANSFORMERS LIMITED

(Originally incorporated as "Tarapur Transformers Private Limited" on 9<sup>th</sup> May, 1988 under the Companies Act, 1956. Our Company was subsequently converted to a Public Limited Company and consequently the name was changed to "Tarapur Transformers Limited" vide fresh certificate of incorporation dated 27<sup>th</sup> March, 2007)

**Registered Office :** J-20, MIDC, Tarapur Industrial Area Boisar, Thane-401506, Maharashtra, India. Tel: +91 2525 - 272996 ; Fax: +91 2525 - 271181;

**Corporate Office :** 201, Vikas Chamber, Junction of Link & Marve Road, Malad (West), Mumbai-400 064, Maharashtra, India. Tel: +9122-40897777; Fax: +9122-28811225

Website: www.tarapurtransformers.com; E-Mail: complianceofficer@tarapurtransformers.com

(For details of changes in our registered office, see the section titled "Our History and Corporate Structure" on Page 87 of this Draft Red Herring Prospectus)

**Works-Boisar:** J-20, MIDC, Tarapur Industrial Area, Boisar, Dist- Thane, Pin- 401506, Tel: +91 2525 - 272996; Fax: +91 2525 - 271181

**Works-Pali:** 141, Manor Road, Village Pali, PO-Posheri, Taluka-Wada, Dist-Thane, Tel & Fax: +91 2526 - 271154;

**Works- Vadodara:** L/25/5, GIDC Industrial Estate, Por- Ramnagardi, Vadodara, Tel : +91 265-2830290; Fax: +91 265- 2339629

**Contact Person & Compliance Officer:** Ms. Astha Rathi, Compliance Officer/Company Secretary;

E-mail: complianceofficer@tarapurtransformers.com

Our Promoter is BILPOWER LIMITED presently located at Vikas Chambers, 2<sup>nd</sup> Floor, Junction of Link & Marve Road, Malad (West), Mumbai- 400 064. E-mail: investors@bilpower.com

**INITIAL PUBLIC OFFERING OF 85,00,000 EQUITY SHARES OF Rs. 10 EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH (INCLUDING SHARE PREMIUM OF RS. [●] PER SHARE) AGGREGATING RS. [●] LACS (HEREIN REFERRED TO AS THE ISSUE). THE ISSUE SHALL CONSTITUTE 43.59 % OF THE FULLY DILUTED POST ISSUE CAPITAL OF OUR COMPANY.**

**PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10**

**THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE**

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Members. This Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue shall be allotted on a proportionate basis to eligible Qualified Institutional Buyers ("QIBs"), out of which 5% of the Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

### RISK IN RELATION TO THE FIRST ISSUE TO THE PUBLIC

This being the first issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. **The face value of the Equity Shares is Rs. 10 per Equity Share and the Issue Price is [●] times of the face value.** The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building), 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 or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 10 of this Draft Red Herring Prospectus.

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received in-principle approval from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●] respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

### IPO GRADING

Our Company has appointed Crisil Limited for IPO Grading. Crisil Limited has assigned [●] Grade to the Initial Public Offering of our Company. The rationale furnished by the grading agency for its grading will be updated at the time of filing of the Red Herring Prospectus with RoC.

### BOOK RUNNING LEAD MANAGER



#### COMFORT SECURITIES PRIVATE LIMITED

A-301, Hetal Arch,  
Opp. Natraj Market, S.V.Road,  
Malad(West), Mumbai - 400 064.  
Tel : +91 - 22 - 2844 9765  
Fax: +91 - 22 - 2889 2527  
Email: mbdivision@comfortsecurities.co.in  
Website: www.comfortsecurities.co.in  
Contact Person: Mr. Sarthak Vijlani  
SEBI Regn. No: INM 000011328

### REGISTRAR TO THE ISSUE



#### BIGSHARE SERVICES PRIVATE LIMITED

E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka, Andheri (E),  
Mumbai 400 072  
Tel : +91- 22 2847 0652  
Fax: +91 -22 2847 5207  
Contact Person: Mr. Ashok Shetty  
Email: ashok@bigshareonline.com  
Website: www.bigshareonline.com  
SEBI Regn No. INR000001385

### ISSUE PROGRAMME

**BID / ISSUE OPENS ON : [●]**

**BID / ISSUE CLOSES ON : [●]**

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### DEFINITIONS

Term	Description
"TTL", "Tarapur Transformers Limited", "Tarapur" or "our Company"	Tarapur Transformers Limited a public limited company incorporated under the Companies Act, 1956.
"We" or "us" and "our"	Unless the context otherwise require, refers to Tarapur Transformers Limited.

#### Conventional / General Terms

Terms	Description
AOA/Articles/ Articles of Association	Articles of Association of Tarapur Transformers Limited
Auditors	The statutory auditors of Tarapur Transformers Limited being Raman S. Shah & Associates Chartered Accountants
Bankers to our Company	Bank of Baroda
Board of Directors / Board	The Board of Directors of Tarapur Transformers Limited
BSE	Bombay Stock Exchange Limited (the designated stock exchange)
CRISIL	Credit Rating Information Services of India Limited
Companies Act	The Companies Act, 1956
Depositories Act	The Depositories Act, 1996
Director(s)	Director(s) of Tarapur Transformers Limited, unless otherwise specified
Equity Shares	Equity Shares of our company of face value of Rs. 10 each unless otherwise specified in the context thereof
EPS	Earnings Per Share
GIR Number	General Index Registry Number
Promoter	Bilpower Limited
Promoter Group Companies /Firms	Nik-San Engineering Company Private Limited, Elektrofer Steel (India) Private Limited, Choudhary Global Limited and M/s. Choudhary Exports,
HUF	Hindu Undivided Family
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
MOA/ Memorandum/ Memorandum of Association	Memorandum of Association of Tarapur Transformers Limited
Non Resident	A person resident outside India, as defined under FEMA.
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations
NSE	The National Stock Exchange of India Limited
Overseas Corporate Body / OCB	Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003] and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Issue
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires

Terms	Description
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial bank, mutual fund registered with the SEBI, foreign institutional investor and sub-account registered with SEBI ( <i>other than a sub-account which is a foreign corporate or foreign individual</i> ), multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, permitted insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of Rs. 250 Million, pension fund with minimum corpus of Rs. 250 Million and National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated 23 <sup>rd</sup> November, 2005 of Government of India published in the Gazette of India
Registered Office of our Company	J-20, MIDC, Tarapur Industrial Area, Boisar, Thane, Maharashtra, India-401506
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended
Stock Exchanges	BSE & NSE, referred to as collectively

#### Issue Related Terms

Terms	Description
Allotment/Allot	Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires
Allottee	The successful bidder to whom the Equity Shares are being / have been issued
Application Supported by Blocked Amount (ASBA)	Means an application for subscribing to an issue containing an authorization to block the application money in a bank account
ASBA Investor(s)	means an Investor who intends to apply through ASBA process and (a) is a "Resident Retail Individual Investor"; (b) is bidding at cut-off, with single bid option as to the number of shares bid for; (c) is applying through blocking of funds in a bank account with the SCSB; (d) has agreed not to revise his/her bid; (e) is not bidding under any of the reserved categories
ASBA Form	Bid cum Application form for Resident Retail Individual Investor intending to subscribe through ASBA
ASBA Public Issue Account	A Bank Account of the Company under Section 73 of the Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Investors
Escrow Bankers to the Issue/Escrow Collection Bank (s)	[•]
Basis of Allotment	The basis on which Equity Shares will be allotted to the Investors under the Issue and which is described in "Issue Procedure - Basis of Allotment" on page 183 of the Draft Red Herring Prospectus
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to or purchase our Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Closing Date/ Issue Closing date	The date after which the members of the Syndicate will not accept any Bids for the issue, which shall be notified in an English National Newspaper, a Hindi national Newspaper and a Regional Newspaper, all with wide circulation
Bid Opening Date/ Issue Opening date	The date on which the members of the Syndicate will accept Bids for the issue, which shall be notified in an English National Newspaper, a Hindi National Newspaper and a Regional Newspaper, all with wide circulation

Terms	Description
Bid cum Application Form/ Bid Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the purposes of this Draft Red Herring Prospectus and the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus
Bidding Period/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders may submit their Bids
Book Building Process	Book Building route as provided under Schedule XI of the SEBI Regulations, in terms of which the Issue is being made
BRLM/Book Running Lead Manager	Book Running Lead Managers to the Issue being Comfort Securities Private Limited
Business Day	Any day on which commercial banks in Mumbai are open for the business
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allotment of Equity Shares sent to the Bidders who have been allotted Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted
Controlling Branches	Such branches of the SCSB which coordinate with the BRLMs, the registrar to the Issue and the Stock Exchanges and a list of which is available on <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
Cut-off Price	The Issue Price finalized by our company in consultation with the BRLM. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band
CSPL	Comfort Securities Private limited
Depository Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot the Equity Shares to successful Bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Red Herring Prospectus	This Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our company, Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLM for collection of the Bid Amounts and for remitting refunds (if any) of the amounts collected to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account of our Company, will be opened
Eligible NRI	NRI's from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the Draft Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares Allotted herein
First Bidder	The Bidder whose name appears first in the bid cum application form or revision form
Floor Price	The price advertised by our Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids would be accepted
Issue	Initial public offering of 85,00,000 equity shares of Rs. 10 each at a price of Rs [•] per equity share for cash (including share premium of Rs. [•] per share) aggregating Rs. [•] lacs (herein referred to as the issue). The issue shall constitute 43.59% of the fully diluted post issue capital of our company

Terms	Description
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Red Herring Prospectus, as determined by our Company in consultation with BRLM on the Pricing Date
Issue Account / Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Issue Period	The period between the Bid / Issue Opening Date and Bid / Issue Closing Date including both these dates
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount
Mutual Funds	A mutual Fund registered with SEBI under SEBI (Mutual Funds) Regulations, 1996
Members of the Syndicate	Syndicate Members i.e [.]
Memorandum of Understanding	The arrangement entered into on 29 <sup>th</sup> October, 2009 between our Company, and BRLM pursuant to which certain arrangements are agreed in relation to the Issue
Mutual Fund Portion	5% of QIB Portion or 2,12,500 Equity Shares available for allocation to Mutual Funds only, out of QIB Portion
Non-Institutional Portion	The portion of Issue being up to 15% of the Issue or 12,75,000 Equity Shares at the issue price available for allocation to Non-Institutional Bidders
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLM and Syndicate Members, or Retail Individual Bidders and who have bid for an amount more than Rs. 100,000.
Non - Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	Means: (i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date; and (ii) With respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay- in-Date
Price Band	Being the price band of a minimum price of Rs. [●] per Equity Share (Floor Price) and the maximum price of Rs. [●] per Equity Share (Cap Price)(both inclusive), and including revision thereof
Pricing Date	Means the date on which our Company, in consultation with the BRLM, finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC, containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Bid / Issue Opening Date
QIB Margin Amount	An amount representing 10% of the Bid Amount, QIB Investors are required to pay at the time of submission of their BID
QIB Portion	Consists of 42,50,000 Equity Shares of Rs. 10 each at a price of Rs. [●] for cash aggregating Rs [●] Lakhs being up to 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only
Red Herring Prospectus or RHP	Document issued in accordance with Section 60B of the Companies Act and which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allotment
Registrar/Registrar to the	Registrar to the Issue being Bigshare Services Private Limited, E- 2/3, Ansa

Terms	Description
Issue	Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai- 400 072
RoC / Registrar of Companies	Registrar of Companies, Maharashtra at Mumbai
Retail Portion	Consists of 29,75,000 Equity Shares of Rs. 10 each aggregating Rs. [●] Lakhs, being up to 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have made their bid for Equity Shares for a cumulative amount of not more than Rs. 100,000
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
Refund Account	The account opened with Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding to the ASBA Bidders) shall be made
Refund banker	[.]
Refunds through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or the ASBA process, as applicable
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Regulation/ SEBI (ICDR) Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended
Syndicate Agreement	Agreement to be entered into amongst the BRLM, Syndicate Member(s) and our Company in relation to the collection of Bids in the Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLM and in this case, being [●]
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Members to the Bidder as proof of registration of the Bid on submission of the Bid cum Application Form in terms of the Red Herring Prospectus
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

#### Glossary of Company / Industry related Terms:

Terms	Description
Electricity Acts	Electricity (Supply) Act, 1948, Indian Electricity Act, 1910, Electricity Regulatory Commissions Act, 1998, Electricity Act, 2003
Energy loss	The difference of the electrical energy measured at the terminals of generator(s) and receiving end of the transmission lines
AC	Alternate Current
APDRP	Accelerated Power Development and Reforms Program
AT&C Loss	Aggregate Transmission & Commercial Loss
BU	Billion Unit
CERC	Central Electricity Regulatory Commission
CEA	Central Electricity Authority
CII	Confederation of Indian Industry
CPM	Critical Path Method
CPSUs	Central Public Sector Undertakings
CRGO	Cold Rolled Grain Oriented
CTPT	Current Transformers Potential Transformer
DVDF	Double Voltage Double Frequency
CTC	Continuous Transpose Conductor
EHVAC	Extra High Voltage Alternating Current
EPC	Engineering Procurement and Construction
FICCI	Federation of Indian Chambers of Commerce and Industry

Terms	Description
HV	High Voltage
HVDC	High Voltage Direct Current
IEEMA	Indian Electrical And Electronics Manufacturers Association
KL	Kilo Litre
Kwh	Kilowatt-hour(s)
KW	Kilowatt(s)
KVA	Kilo Volt Ampere
Kv	Kilo Volt
LT	Low Tension
LV	Low Voltage
MT	Metric Tonne
MMT	Million Metric Tonne
MoP	Ministry of Power, Government of India
MVA	Mega volt Ampere
MVAR	Mega volt-amperes reactive
MU	Million Units
MW	Megawatt(s)
PLC	Programmable Logic Controller
PLF	Plant Load Factor
QC	Quality Control
R.E.S.	Renewable Energy Sources
R&D	Research & Development
R&M	Renovation And Maintenance
SEB	State Electricity Board
SERC	State Electricity Regulatory Commission
SSI	Small Scale Industry
T & D	Transmission and Distribution
VPD	Vapor Phase Drying

**Abbreviations of General Terms:**

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
AGM	Annual General Meeting
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
BSE	Bombay Stock Exchange Limited (BSE)
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Company Identification Number
DIN	Director Identification Number
EPS	Earning Per Share
EGM	Extraordinary General Meeting
ERC Act	Electricity Regulatory Commission Act, 1999
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
FY / Fiscal/Financial Year	Period of twelve (12) months ended 31 <sup>st</sup> March of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, and the regulations framed there under
FII	FII defined under SEBI (FII) Regulation, 1999 and registered with SEBI under applicable laws in India
Gol/Government	Government of India

Abbreviation	Full Form
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
I.T. Act / Income Tax Act	Income Tax Act, 1961, as amended
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
NAV	Net Asset Value
NHPC	National Hydroelectric Power Corporation
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited.
NTPC	National Thermal Power Corporation
O&M	Operation and Maintenance
P.A., p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PFC	Power Finance Corporation Limited.
PGCIL	Power Grid Corporation Of India Limited
PSU	Public Sector Undertaking
RBI	The Reserve Bank of India
RoC	Registrar of Companies, Maharashtra at Mumbai
ROE	Return on Equity
RONW	Return on Net Worth
SEBs	State Electricity Boards
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SCRA	Securities Contract (Regulation) Act, 1956, as amended
USD/US\$ / \$	United States Dollar

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Financial Data

Unless otherwise stated, the financial data in this Draft Red Herring Prospectus is derived from the restated financial statements of Tarapur Transformers Limited as of and for the five (5) years ended 31<sup>st</sup> March, 2009, 31<sup>st</sup> March, 2008, 31<sup>st</sup> March, 2007, 31<sup>st</sup> March, 2006 and 31<sup>st</sup> March, 2005 and five (5) months ended 31<sup>st</sup> August 2009 prepared in accordance with Indian GAAP, audited by the Auditors and restated in accordance with the applicable SEBI Regulations.

There are significant difference between Indian GAAP, US GAAP and the International Financial Reporting Standards (IFRS). Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and our Company urges you to consult your own advisor regarding such differences and their impact on our financial data. Accordingly, the degree to which Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices; Indian GAAP, the Companies Act and the SEBI Regulations should accordingly be limited. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

### Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "\$", "US\$", "USD", "U.S.\$", "U.S. Dollar(s)" or "U.S. Dollar(s)" are to United States Dollars, the official currency of the United States of America. This Draft Red Herring Prospectus contains translations of certain U.S. Dollar and other currency amounts into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars and other currency amounts). These have been presented solely to comply with the requirements of the SEBI Regulations. These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other amounts could have been, or could be, converted into Indian Rupees, at any particular rate, or at all.

In this Draft Red Herring Prospectus, all figures have been expressed in Lakhs, unless otherwise stated. The word "Lakhs" "Lac" or "Lakhs" or "Lacs" means "One hundred thousand".

Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated based on our financial statement prepared in accordance with Indian GAAP.

### Industry & Market Data

Unless otherwise stated, Industry & Market data used in this Draft Red Herring Prospectus has been obtained from internal company reports and Industry publications generally. We state that the information contained in those publications 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 that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

For additional definitions, please refer the section titled "Definitions and Abbreviations" on page 1 of this Draft Red Herring Prospectus.

## FORWARD-LOOKING STATEMENTS

Our Company has included statements in this Draft Red Herring Prospectus, which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "project", "shall", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will continue", "will pursue" and similar expressions or variations of such expressions that are "forward-looking statements". However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our company objectives, plans or goals, expected financial condition and results of operations, business, plans and prospects are also forward-looking statements.

These forward-looking statements include statements as to business strategy, revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risks, uncertainties and assumptions 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 expectations include, among others:

- Our ability to successfully implement strategy, growth and expansion plans;
- Our dependence on key personnel;
- Government approvals;
- Our ability to comply with the financial conditions and other covenants of our borrowings;
- General economic and business conditions in India and other countries;
- Changes in political conditions in India;
- Occurrence of natural disasters or calamities affecting our areas of operations;
- A slowdown in economic growth in India;
- Changes in the foreign exchange control regulations in India and fluctuations in foreign exchange rates;
- Changes in the regulatory framework governing us;
- Any downgrading of India's debt rating by an independent agency.

For further discussion of factors that could cause Company's actual results to differ, see the section titled "Risk Factors" on page 10 of this Draft Red Herring Prospectus. By their nature, certain 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. Our Company, the Book Running Lead Manager(s), the members of the Syndicate, and their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the 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.

**SECTION II:  
RISK FACTORS**

*An Investment in equity involves a higher degree of risks. Prospective investors should carefully consider the risks described below, in addition to the other information contained in this Draft Red Herring Prospectus before making any investment decision relating to the Equity Shares. The occurrence of any of the following events could have a material adverse effect on the business, results of operation, financial condition and prospects and cause the market price of the Equity Shares to decline and you may lose all or part of your investment.*

*Prior to making an investment decision, prospective investors should carefully consider all of the information contained in this Draft Red Herring Prospectus, including the sections titled "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the " Financial Information" included in this Draft Red Herring Prospectus beginning on pages 67, 132 and 113 respectively.*

*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.*

**INTERNAL RISK FACTORS**

- Our Company, Promoters, Group Companies and directors thereof are involved in various litigation, the outcome of which could adversely affect our business and financial operations.*

Summary of litigations is given below:

No.	Particulars	No. of cases / disputes*	Amount involved where quantifiable (Rs. In Lakhs)
<b>LITIGATION BY AND AGAINST OUR COMPANY</b>			
<i>Litigation against our Company</i>			
1.	Civil cases against our Company	1	Not Quantifiable
2.	Criminal cases against our Company	1	0.97
<i>Direct tax proceedings</i>			
1.	Income tax proceedings	1	2.74
<b>LITIGATION BY AND AGAINST OUR PROMOTER</b>			
<i>Direct &amp; Indirect Tax proceedings</i>			
1.	Income Tax proceedings	1	90.80
2.	Excise cases	2	11.00
<b>LITIGATION BY AND AGAINST OUR PROMOTER GROUP COMPANIES / ENTITIES</b>			
<i>Litigation filed against our Group Companies/ Entities</i>			
1.	Criminal cases	1	Not Quantifiable
2.	Labour Law Proceedings	2	Not Quantifiable
<b>LITIGATION BY AND AGAINST OUR DIRECTORS</b>			
<i>Litigation filed by our Directors</i>			
1.	Civil Cases	1	Not Quantifiable
<b>LITIGATION BY AND AGAINST PROMOTERS OF OUR PROMOTER (Except who are Directors in our Company)</b>			
<i>Litigation by promoters of our Promoter</i>			
1.	Civil Cases	1	Not Quantifiable

\*For details of the above litigation, please refer to the section titled "Outstanding Litigation" appearing on page 139 of this Draft Red Herring Prospectus.

- SEBI has issued a letter to our Promoter Bilpower Limited to opt for a consent order by paying an amount of Rs. 1,75,000/- for violation of Regulations 6 (2) and 6(4) for fiscal 1997 and Regulation 8 (3) for fiscal 1998, 1999, 2000, 2001 and 2002 of SEBI (SAST) Regulations, 1997.*

SEBI has issued a letter no. CFD/DCR/RC/TO/13060/04 dated 21<sup>st</sup> July, 2004 to Bilpower Limited for non compliance of Regulations 6 (2) and 6(4) for fiscal 1997 and Regulation 8 (3) for fiscal 1998, 1999, 2000, 2001 and 2002 of SEBI (SAST) Regulations, 1997 and also not opted for SEBI Regularization Scheme, 2002 for regularizing such non compliances. SEBI has advised Bilpower Limited to opt for consent order under section 15T (2) (b) of SEBI Act, by paying an amount of Rs.175000/-. Bilpower Limited has not paid the amount as sought. However, Bilpower Limited has submitted the disclosures required under the aforesaid clauses in compliance with SEBI (SAST) Regulations, 1997 to BSE on 1<sup>st</sup> September, 2008.

**3. *We have substantial indebtedness and will continue to have debt service obligations following the Issue.***

The total amounts outstanding and payable by us as principal and interest on account of the loan arrangements with various banks and financial institutions as on 31<sup>st</sup> August, 2009 are Rs.2189.50 Lakhs. For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule, see Annexure-10 of section titled Financial Information on page 125 of this Draft Red Herring Prospectus.

**4. *We have entered into certain related party transactions and may continue to do so.***

We have entered into related party transactions with our Promoters, Group Companies, Directors and related entities. While we believe that all such transactions have been conducted on the arms length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. For details of these transactions, please refer to section titled "Related Party Transactions" at page 111 of this Draft Red Herring Prospectus.

**5. *One of our Group Company is in the same line of business and consequently the interest of this Company may conflict with interest of our Company***

One of our group company viz NIK-SAN Engineering Company Private Limited is in the same line of business in which we operate i.e. repairing & manufacturing of transformers. This may lead to potential conflict of interest between us and this entity.

**6. *Our Company is dependent on one line of business.***

Our entire sales revenue is derived from transformers. The transformer industry is witnessing rapid capacity build-up from several existing and new players. In case of any downturn in this industry, or if the demand does not keep pace with the capacity build-up in the industry, our business operations may be adversely affected. Further, if we are unable to maintain and upgrade our technical know-how with the new technological developments in our industry, it may adversely affect our sales revenue and impact our business.

**7. *Our customer contracts/arrangements can typically be terminated without cause and with little or no notice or penalty, which could negatively impact our revenues and profitability.***

Most of our customer arrangements/contracts with private parties can be terminated with or without cause, usually at short notice and without termination related penalties. Additionally, most of our agreements with customers are without any commitment to future work. Our business is dependent on the decisions and actions of our customers, and there are number of factors relating to our customers that are outside our control and which might result in the termination of a project or the loss of a customer. Any of these factors could adversely affect our revenues and profitability.

**8. *Our Company depends on its senior management team and the loss of team members may adversely affect its business.***

Our Company maintains conducive work environment and provides adequate motivation to perform. However senior management team members or key personnel may choose to leave the

organisation in which case operations of our Company may be affected. However in such eventuality we will promptly fill the vacancy through either fresh recruitment or internal promotion.

**9. *Failure to keep abreast with the latest trends in technology may adversely affect our cost competitiveness and may affect our financial condition adversely.***

Our Company cannot assure that it would successfully implement new technology effectively or adapt to emerging industry standards. If our Company is unable to upgrade itself due to technical, financial, legal and/or other reasons to adapt in timely manner to the changing market conditions, its business, financial performance could be adversely affected.

**10. *We have reported negative cash flows***

We have reported negative cash flows to the tune of Rs. 7.47 lakhs for the fiscal 2005, Rs. 2.09 lakhs for the fiscal 2006 and Rs. 124.97 lakhs for the fiscal 2008. This sustained negative cash flow can affect our business and growth. The detailed break up of cash flows is summarized in below mentioned table:

Particulars	Amount (Rs. In Lakhs)					
	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Net Cash flow from Operative activities	(249.71)	(304.79)	(453.79)	(167.29)	75.63	93.27
Net Cash Flow from investing activities	(170.70)	(987.28)	(311.18)	(12.97)	(13.88)	(15.24)
Net Cash Flow from Financing activities	733.11	1,301.74	639.99	368.35	(63.84)	(85.50)
Net Cash Flow for the Year	312.69	9.68	(124.97)	188.09	(2.09)	(7.47)

**11. *Our operations may create environmental challenges, and changes in environmental laws and regulations may expose us to several liabilities and result in increased costs.***

The activities envisaged in setting up and operating our manufacturing facilities are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment and Forests, Government of India and the State Pollution Control Boards. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials, and could become stricter in future. Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal liabilities for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases. We cannot accurately predict future developments, such as increasingly strict environmental laws or regulations and enforcement policies resulting in higher compliance costs. This may have an adverse effect on our financial condition and results of operations.

**12. *The Land of our Factory is a Leasehold Property***

The Factory at Plot No. J-20 in Tarapur Industrial area is on a leasehold land for 95 years starting from 29/06/1988. The Company has taken such lease from Maharashtra Industrial Development Corporation. Further, the factory at Vadodara at L25/5, GIDC Industrial Estate, Por- Ramnagamdi, Vadodara is on a leasehold land for 99 years starting from 18/12/1989. The Company has taken such lease from Gujarat Industrial Development Corporation. Non-renewal of such leases after its expiry period may have a material adverse effect on our financial condition and results of operations. It may even lead to discontinuance of business operations in our Boisar and Vadodara units.

**13. *The Corporate Office of our Company is not owned by us.***

The Corporate office of our Company belongs to our promoter Bilpower Limited and they have permitted us to use their premises as our corporate office without any rent vide their rent free certificate dated 1<sup>st</sup> April 2009.

**14. *We operate in a highly competitive industry, which could limit our ability to grow***

The market for transformers is highly competitive with very few organised players. Important factors affecting competition in our industry include performance of transformers, reliability, product quality, technology, price and scope and quality of services offered to customers. Some of the key competitors in the industry are listed in under "Industry Overview" on page 61 of this Draft Red Herring Prospectus. Some of our competitors have longer industry experience and greater financial, technical and other resources, which may enable them to react faster to trends and changes in customer demand. Our competitors may be willing and able to develop and provide products faster or at a lower price than us. Growing competition may result in a decline in our market share and force us to reduce our margins and revenues.

**15. *Our lenders have charge over our movable and immovable properties in respect of finance availed by us.***

We have secured our lenders by creating a charge over our movable and immovable properties In the event we default in repayment of the loans availed by us and any interest thereof, our properties may be forfeited by lenders For further information on the financing and loan agreements along with the total amounts outstanding and the details of the repayment schedule please refer to Annexure-10 of section titled "Financial information" on page 125 of this Draft Red Herring Prospectus.

**16. *Any further issuance of Equity Shares may dilute your shareholding and sale of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.***

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

**17. *The business is largely dependant upon the demand for power generation, transmission and distribution.***

The demand for transformers in India is largely dependant on the power industry. The demand for power in India is closely linked to economic growth in the country, and to Government policies in the power sector. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to expand, which increases the demand for power. If the Indian economy does not continue to grow at the current rate, it would adversely affect the power sector and hence the reduced demand for transformers could have a material adverse effect on our business, financial condition and results of operations.

**18. *Upon completion of the Issue, our Promoter / Promoter Group may continue to retain significant control over us, which will allow them to influence the out come of matters submitted to the shareholders for approval.***

Upon completion of this Issue, our Promoter / Promoter Group will continue to own majority of our Equity Shares on a fully diluted basis. As a result, our Promoter / Promoter Group will have the ability to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approvals of significant corporate transactions. Our Promoter / Promoter Group will also be in a position to influence any shareholder action or approval requiring a majority vote, except where it is required otherwise by applicable laws or

where they abstain from voting. Such a concentration of ownership may also have the effect of delaying or deterring a change in control.

**19. *Our Company is exposed to accidents at the manufacturing facilities***

We are engaged in manufacturing and repairing of transformers, which involves the usage of high voltage electricity equipments, and occurrence of accidents at any of our manufacturing facilities may expose our Company to pay compensation and penalty to our workers and third parties for any losses or damage to human life/health or the environment.

**20. *The failure to keep our technical knowledge confidential could erode our competitive advantage.***

Like many of our competitors, we possess extensive technical knowledge about our products. Our know-how is a significant independent asset, which has not been protected by intellectual property rights such as patents, but is protected only by keeping it secret. As a result, we cannot be certain that our know-how will remain confidential in the long run. In the event that confidential technical information or know-how about our products or our business becomes available to third parties or to the public, our competitive advantage over other companies in the transformer industry could be harmed, which could have a material adverse effect on our current business, future prospects, financial condition and results of operations.

**21. *The success of our manufacturing process is dependent on the timely supply of quality raw materials and components to our plants, which are subject to various uncertainties and risks. We are dependent on third party suppliers and transport agencies, and our raw material prices are subject to fluctuations.***

We are dependent on third-party vendors for supply of raw materials and certain components and parts in the transformer manufacturing process. We do not have long-term contracts with any of our third party vendors for supply of raw materials. We typically order most raw materials after receiving the contract. We are significantly dependent on the timely and adequate availability of CRGO sheets, Copper and transformer oil as our primary raw materials. Any adverse factors including natural disasters, changes in legislation or any other force majeure events may adversely influence availability of these critical and other raw materials, components and parts which may adversely affect our continuity of business, ability to meet client commitments and consequently our sales and profitability. Copper, CRGO sheets and transformer oil have witnessed significant price fluctuations in the past, and although we endeavor to have contractual protection against price fluctuations in raw materials from the quoted price vis-à-vis the price when the actual order is placed, we cannot assure that the contractual protection would be adequate to mitigate impact of fluctuations in the intermittent period between the submission of bid/quotation and the date of actual order. It is also critical for us that our suppliers/subcontractors (to whom we subcontract certain manufacturing processes) adhere to the quality standards and product specifications that have been furnished to them by us, and failure by them to adhere to the same would adversely affect the quality and/or timely delivery of our products. In the event we become subject to product liability or performance guarantees caused by defective components or raw materials obtained from an outside supplier or a subcontractor, it may adversely affect our reputation as a supplier, financial condition and results of operations, and we cannot assure that we would be able to enforce or successfully assert, wholly or in part, warranty claim(s) against the suppliers/subcontractors concerned. Further, we depend on various forms of transport, such as air, seaborne freight, rail and road, to receive raw materials and components used in the manufacture of transformers, and to transport our transformers to the end-customers. Disruptions of transportation services because of weather-related problems, strikes, lockouts, inadequacies in the road infrastructure and port facilities, or other events could adversely impair the ability of our suppliers to deliver raw materials and components, and adversely affect our ability to supply the transformers to our clients on time, which may have an adverse effect on our profitability.

**22. *A significant portion of our revenues is derived from Government and government-controlled entities, which follow the tendering process for determination of suppliers. We***

***may be adversely affected if we do not succeed in all or a majority of the contracts that we tender for***

Most entities in the power sector are either Government or Government-controlled entities. Contracts awarded by Government and Government controlled entities are on the basis of the tender-based process. We compete with various other transformer companies while submitting bids to Government/Government-controlled entities. In case we do not qualify or are not amongst the lowest bidders, we stand to lose the business. We cannot assure that any of the bids we submit would be accepted/awarded to us; therefore, our ability to procure the business by bidding at the lowest rates is crucial for our revenues.

- 23. *Our expansion and modernization plans require significant capital expenditure and if we are unable to obtain the necessary funds for expansion, our business may be adversely affected.***

We will need significant additional capital to finance our expansion and modernization plans as mentioned in the section titled “Objects of the Issue”, a major part of which we intend financing out of Issue proceeds. In the event that the Issue is delayed or does not go through, our expansion plans would be adversely impacted, and we may need to make alternative financing arrangements to fund the same. We cannot assure that we would be able to arrange for such alternative financing arrangements on terms and conditions acceptable to us, or at all.

- 24. *Any change in or termination of policies of Government of India or State Governments in India that encourage investment in power projects may have a material adverse effect on our business.***

One of the main underlying factors expected to increase the demand for new transformers is increase in the power generation capacity with the commissioning of projects, which are at various stages of implementation. The statutory and regulatory framework for the Indian power sector has changed significantly in recent years and the impact of these changes is not yet completely clear, and it is expected that there may be further changes in the next few years. Further, there could be additional changes in the areas of tariff policy, the unbundling of the SEBs, restructuring of companies in the power sector, open access and parallel distribution, and licensing requirements for, and tax incentives applicable to, companies in the power sector. Although these changes are not expected to directly affect us, they may have a material adverse impact on the power sector, which forms a significant chunk of our revenues and top customers, which may in turn have an adverse impact on the demand for transformers, which would have a material adverse impact upon us. We presently do not know what the nature or extent of the changes will be made, and cannot assure you that such changes will not have a material adverse impact on our financial condition and results of operations.

- 25. *If we are unable to implement our growth strategies in a timely manner, our business and results of operations could be adversely affected.***

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy may place significant demands on our management and other resources. Our growth strategies involve risks and difficulties, many of which are beyond our control and accordingly there can be no assurance that we will be able to complete our plans on schedule or without incurring additional expenditures or at all. There can be no assurance that we will be able to execute our strategy on time and within the estimated budget in the future. If we are unable to implement our business and growth strategy, this may have an adverse effect on our business, financial condition and results of operations.

- 26. *We may in the future, enter into strategic alliances, investments, partnerships and acquisitions. These may harm our business, dilute your ownership interest and cause us to incur debt.***

As part of our growth strategy, we may enter into strategic alliances, make strategic investments, establish partnerships and/or make acquisitions relating to raw materials, components, complementary businesses, technologies, services or products. We may not be able

to identify suitable investment opportunities, partners or acquisition candidates. If we do identify suitable investment opportunities, partners or acquisition candidates, we may have difficulty in accurately assessing the candidates, risks, placing an accurate valuation on it and we may be unable to negotiate terms commercially acceptable or favorable to us or complete those transactions at all. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of our Equity Shares would dilute the ownership interest of our shareholders and debt financing would increase our leverage and financial risks. As of the date of this Draft Red Herring Prospectus, we have no definitive commitment or agreement for any material investment, partnership or acquisition.

**27. We may infringe on the intellectual property rights of others.**

We cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of whether such claims (that we are infringing patents or other intellectual property rights) have any merit, those claims could: (a) adversely affect our relationships with current or future customers; (b) result in costly litigation; (c) cause product shipment delays or stoppages; (d) divert management's attention and resources; (e) subject us to significant liabilities; (f) require us to enter into royalty or licensing agreements; and (g) require us to cease certain activities.

**28. We may not be sufficiently protected or insured against losses that we may incur or claims that we may face against us.**

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions and/or insurance policies, the limitations of liability set forth in our contracts and/or our insurance policies may not be enforceable in all instances or may not protect us from liability for damages. A successful assertion of one or more large claims against us could adversely affect the results of our operations. We have not insured ourselves against exposure to certain risks and events such as workmen's compensation, loss of profit, etc. which may lead to financial liability/adverse consequences for us. Further, even where we have availed of insurance cover, we may not be able to successfully assert our claims for any liability or loss under the said insurance policies.

**29. We have incurred losses in F.Y.2004-2005**

We have incurred losses of Rs.1.60 Lakhs in F.Y. 2004-05 as per our restated financial statements. Such loss was attributed to cost overruns and high cost of finance availed by us. Although our existing operations are profitable, we cannot guarantee that we will not make losses in the future.

**30. Two of our Group Companies /firms viz. Eletrofer Steel (India) Pvt. Limited & M/s Choudhary Exports has incurred losses in the preceding three(3) financial years and registered negative Net Worth for the same period. The following statement shows losses incurred by them during the preceding three (3) financial years:**

		(Rs. in Lakhs)		
Company	Particulars	2008-2009	2007-2008	2006-2007
M/s Eletrofer Steel (India) Pvt. Limited	(Loss)	(1.87)	-	-
	Net Worth	(0.92)	-	-
M/s Choudhary Exports	(Loss)	(3.06)	(2.10)	(0.11)
	Net Worth	(1269.21)	(1212.78)	(694.99)

**31. There was shortfall in the performance of Bilpower Limited (Formerly: Brahm Ispat Limited), our Promoter, when compared to promises made in its last Public Issue.**

Bilpower Limited, our Promoter, undertook a public offering in 1995. There were shortfalls in the performance of the offering when compared against the projections made in the offer documents. For more details please refer to "Promises versus Performance" on page 155 of this Draft Red Herring Prospectus

- 32. *We have not entered into any agreement with the contractors / suppliers for development of the Project.***

*We have not placed orders for most of the equipments and machines for the proposed modernization of our Pali Unit, which is proposed to be funded from the Issue Proceeds. We are subject to risk of cost escalation due to project overruns, which may require us to raise additional funds by way of debt or equity.*

- 33. *We have not appointed any Public Relations Agency for our Brand Development.***

We have not yet appointed any Public Relations Agency for our Brand Development, which is proposed to be funded from the Issue Proceeds. The amount allocated for our Brand Development is based on our internal estimates and surveys. We are subject to risk of cost escalation, which may require us to raise additional funds by way of debt or equity.

- 34. *One of the objects of the issue is to acquire business and due to confidential nature, we are not able to disclose the details of that.***

One of the objects of issue is to finance the acquisition of companies in same or allied industry. However, we operate in extremely competitive environment hence in the interest of the company we are not able to disclose the details of the company to be acquired as sharing of information publicly may dent to our acquisition plans.

- 35. *Delay in raising funds from the IPO could adversely impact the implementation schedule***

Our proposed expansion of Pali Unit and other objects of the issue is to be largely funded from the proceeds of this IPO. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion Project within the given timeframe, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

- 36. *We have not entered into any agreement with an architect for civil related work for our proposed project***

*One of the objects of the issue is modernization and expansion of our Pali Unit, which is proposed to be funded from the Issue Proceeds. We have not appointed any architects or contractors for the entire civil work involved in the Project. Any delay in appointing these parties could adversely affect our business operations.*

- 37. *There is no monitoring agency appointed by our Company and the deployment of funds is at the discretion of our Management and our Board of Directors, though the Audit Committee shall monitor it.***

As per SEBI (ICDR) Regulations, 2009 appointment of monitoring agency is required only for Issue size above Rs. 50000 Lakhs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of issue proceeds to the stock exchange and shall simultaneously make the material deviations / adverse comments of the Audit Committee public through advertisement in newspapers.

## EXTERNAL RISK FACTORS

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

Our performance and growth is directly related to the performance of the Indian economy. The performance of the Indian Economy is dependent among other things on the interest rate, political and regulatory actions, liberalization policies, commodity and energy prices etc. A change in any of the factors would affect the growth prospects of the Indian economy, which may in turn adversely influence our results of operations, and consequently the price of our Equity Shares.

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

Regional or international hostilities, terrorist attacks 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 equity shares.

**40. *The price of the Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price or at all.***

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of our Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after this Issue may be subject to significant fluctuations in response to, among other factors, our results of operations and performance, subsequent corporate actions taken by us, performance of our competitors, market conditions specific to the transformer and power industry.

**41. *You will not be able to sell or transfer any of our Equity Shares until the listing of our Equity Shares.***

Under the SEBI Regulations, we are permitted to allot Equity Shares within fifteen (15) days of the closure of the Public Issue. Consequently, the Equity Shares you purchase in this Issue may not be credited to your book or demat account, with Depository Participants within fifteen (15) days of the closure of the Public Issue. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from the Stock Exchanges. There can be no assurances that the Equity Shares allotted to you pursuant to this Issue would be credited to your respective demat accounts, or that the trading in our Equity Shares will commence within the specified time period.

**42. *Any downgrading of India's debt rating by an independent agency may have a material impact on our operations.***

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

**43. *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.***

India has experienced natural calamities such as earthquakes, Tsunami, floods and droughts in the past few years. The extent and severity of these natural disasters determine their impact on the Indian economy. Unforeseen circumstances, such as prolonged spells of below normal rainfall and other natural calamities, could have a negative impact on the Indian economy, especially on the rural areas, which could adversely affect our business, financial condition, results of operation and the price of our Equity Shares.

**44. Future sales of our Equity Shares may negatively affect our Equity Share price.**

Future sales of substantial amounts of our Equity Shares in the public market, or even the potential for such sales, could adversely affect the price of our Equity Shares and could impair our ability to raise capital. All of the shares sold in this offering, will be freely tradable without restriction. The Equity Shares owned by our Promoters are subject to lock-in as detailed under the section titled "Capital Structure" beginning on page 35 of this Draft Red Herring Prospectus. We cannot assure you that they will retain ownership of our Equity Shares after the lock-in period following this offering. Sales or distributions by our Promoters or other shareholders of substantial amounts of our Equity Shares in the public market could adversely affect prevailing market prices for our Equity Shares.

**45. The Equity markets and prices of Equity Shares are generally highly volatile.**

The prices of our Equity Shares on the Stock Exchanges may fluctuate after this Issue as a result of several factors including:

- Volatility in Indian and global securities market;
- Our operations performance & financial results;
- Performance of our competitors and perception in the Indian market about the transformer and power sector;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant development in India's economics liberalization and de-regulation policies; and
- Significant development in India's fiscal and environmental regulations

**46. There may be changes in the regulatory framework that could adversely affect us.**

The statutory and regulatory framework for the Indian transformer industry may see changes in the next few years. We presently do not know what the nature or extent of the changes will be and cannot assure you that such changes will not have an adverse impact on our financial condition and results of operations.

**NOTES TO THE RISK FACTORS:**

**1) SIZE OF THE ISSUE:**

Initial public offering of 85,00,000 equity shares of Rs. 10 each at a price of Rs [•] per equity share for cash (including share premium of Rs. [•] per share) aggregating Rs. [•] lacs (herein referred to as the issue). The issue shall constitute 43.59 % of the fully diluted post issue capital of our company.

**2) The average cost of acquisition of Equity Shares by the Promoter:**

<b>Name of the Promoter</b>	<b>Average Cost of Acquisition (Rs.) per share of face value of Rs.10/- per Share</b>
Bilpower Limited	19.06

3) The Net worth of our Company as on 31<sup>st</sup> August, 2009 is Rs.2047.90 Lacs

4) The Book -Value per share of our Company as on 31<sup>st</sup> August, 2009 is Rs. 4.10 for face value of Rs.2/- (Rs. 20.50 for face value Rs.10/-)

5) Investors may please note that in the event of over subscription, allotment shall be made on proportionate basis in consultation with the Bombay Stock Exchange Limited, the Designated Stock Exchange. For more information, please refer to "Basis of Allotment" on page 183 of the Draft Red Herring prospectus.

- 6) Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 52 of this Draft Red Herring Prospectus before making an investment in this issue.
- 7) No part of the Issue proceeds will be paid as consideration to Promoter, Promoter Group, Directors, key management employee, associate companies, or Group Companies.
- 8) Investors may contact the BRLM or the Compliance Officer for any complaint/clarifications/information pertaining to the Issue. For contact details of the BRLM and the Compliance Officer, refer the front cover page.
- 9) Other than as stated in the section titled "Capital Structure" beginning on page 35 of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.
- 10) Except as mentioned in the sections titled "Capital Structure" beginning on page 35 of this Draft Red Herring Prospectus, we have not issued any Equity Shares in the last twelve months.
- 11) Trading in Equity Shares of our Company for all the Investors shall be in dematerialized form only.
- 12) The Issue is being made through a 100% Book Building Process wherein up to 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") (including 5% thereof to be allocated to Mutual Funds). Further, at least 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional bidders and at least 35% of the Issue will be available for allocation on a proportionate basis to the Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- 13) Except as disclosed in the sections titled "Our Promoter" or "Our Management" beginning on pages 101 and 90 of this Draft Red Herring Prospectus, none of our Promoters, our directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding. For Related Party transactions refer to the section entitled "Related Party Transactions" on page 111 of this Draft Red Herring Prospectus. For details relating to loans and advances, please refer to section entitled "Financial Information" on page 113 of the Draft Red Herring Prospectus.
- 14) Any clarification or information relating to the Issue shall be made available by the BRLM 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. Investors may contact the BRLM for any complaints pertaining to the Issue. Investors are free to contact the BRLM for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.
- 15) For transactions in Equity Shares of our Company by the Promoter Group and Directors of our Company in the last six (6) months, please refer to paragraph under the section entitled "Capital Structure" on page 35 of this Draft Red Herring Prospectus.
- 16) Our Company and the BRLM shall update this DRHP in accordance with the Companies Act, 1956. All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- 17) There are no contingent liabilities as on 31<sup>st</sup> August 2009, except as mentioned in the section entitled "Financial Information" on page 113 of this Draft Red Herring Prospectus.
- 18) For details of any hypothecation, mortgage or other encumbrances on the movable and immovable properties of our Company please refer to the section entitled "Financial Information" on page 113 of this Draft Red Herring Prospectus.

## SECTION III: INTRODUCTION

### SUMMARY

*This is only the summary and does not contain all information that you shall consider before investing in Equity Shares. You should read the entire Draft Red Herring Prospectus, including the information on “Risk Factors” and related notes on page 10 of this DRHP before deciding to invest in Equity Shares.*

#### THE INDUSTRY OVERVIEW

##### The Indian Power Structure

###### Background

Power is a critical component of any economy’s infrastructure without which its development and growth is a big hindrance. An economy’s growth, development and ability to handle global competition, all depend on the availability, reliability and quality of the power sector.

Recognizing that electricity is one of the key drivers for rapid economic growth and poverty alleviation, after independence, the Indian government decided to bring all new power generation, transmission and distribution in rural and urban centers (which were not served by private utilities) under the purview of State and Central Government agencies. Accordingly, State Electricity Boards (SEBs) were formed in all the States. The Central Government has been giving priority to this sector while fixing plan outlays. Commencing with the Fifth Plan (1974-1979), the Government increased its direct role in the generation and bulk transmission of power to supplement the efforts of the states. This was done by establishing large power projects, as part of Public Sector Units (PSUs) to develop the coal and hydroelectric resources in the country. Today, the PSUs and SEBs have been responsible for establishing networks covering the entire length and breadth of the country. India has increased its installed power capacity from 1362 MW at independence to over 100,000 MW and electrification of more than 500,000 villages.

However, it is a matter of concern that the annual per capita consumption of power in India, at about 350 kWh is among the lowest in the world. The Government of India has thus launched the “Power for all by 2012” program which targets adding about 1,00,000 MW of power generation capacity by 2012.

##### The Power Industry constitutes of the following segments:

Power Generation  
Power Transmission  
Power Distribution

The power sector value chain comprises three elements - Generation, Transmission & Distribution. In India, SEBs as well as some private power generation companies are the major constituents of the power sector and most of them are vertically integrated i.e. their footprint covers the entire value chain of Generation, Transmission & Distribution. etc. Apart from these, a number of industries have set up captive power plants to meet their internal requirements, and in some cases, these captive power plants sell surplus power to the SEBs. Transmission and Distribution (T&D) system comprises of transmission lines, transformers, substations, switching stations and distribution lines.

##### Transmission & Distribution

A reliable transmission and distribution (T&D) system is important for transfer of power from generating stations to load centres. A T&D system comprises transmission lines, substations, switching stations, transformers and distribution lines. Transmission & sub-transmission systems supply power to distribution system, which in turn supplies power to end-users.

##### The transmission system in India operates at several voltage levels, namely

- Extra high voltage: High voltage direct current (HVDC), 765 KV, 400 KV, 220 KV and 132 KV
- High tension: 66 KV, 33 KV, and 11kV
- Low tension: 6.6 KV, 3.3 KV, 1.1 KV, and 220 KV

The investments in and growth of Transmission, sub-Transmission and Distribution Systems have not matched the increase in generating capacity. Consequently, there are constraints of power evacuation from generating stations. Investments in strengthening transmission, sub-transmission and distribution systems within the region and building inter regional links is the principal need of the immediate future. The problem is severe in the eastern region, where surplus capacity is idling due to lack of absorption network and evacuation facilities.

#### **Impact of power sector reforms - The beneficiaries**

The power sector reforms are on a threshold of major changes that would shape the future of the industry. The increased thrust on providing power for all by 2012 by building additional generation capacities, improving transmission and distribution network would lead to a huge demand for power equipment manufacturers. The impending changes in the sector would have varying impact on various power equipment manufacturers namely T&D equipment suppliers and generation equipment suppliers. In addition, with the thrust on quality there exist possibilities for demand to shift from unorganized to organized players.

#### **Transformer industry**

A transformer is a voltage changer. The transformer industry is usually divided into Distribution transformers, Power transformers & other types of special transformers for welding, traction, furnace etc. The power transformers are used to transform power voltage from the generation point to the transmission point. A distribution transformer is used to transform power voltage from transmission point to distribution of power to the end user. The health of the transformer industry is closely related to the power generation sector. The major customers for transformers are the SEB's, utilities and industries. The Transformer Industry in India has evolved and now has a well-matured technology base up to 800 KV class. India has a field-proven technology & capacity to manufacture a wide range of power transformers, distribution transformers and other types of special transformers for welding, traction, furnace etc. Today, about 95% of the transformers installed in the Indian Power Network are of indigenous origin. Energy efficient transformer with low losses and low noise levels can be available to meet international requirements.

#### **Transformer Functioning**

The power transformers are used to transform power voltage from the generation point to the transmission point. These are mainly step-up power transformers and step-down power transformers. A step-up transformer is used to convert low voltage AC to high low voltage AC whereas a Step -down transformer is used to convert high voltage AC to low voltage AC. A distribution transformer is used to transform power voltage from transmission point to distribution of power to the end user.

The Indian transmission sector has evolved over time mainly on account of improvements in technology and systems. The transmission and distribution system today consists of 400 KV networks that support state transmission systems; 66 KV, 33 KV and 22 KV networks that act as sub-transmission systems; 1 KV networks that provide the primary distribution systems; and 400/230V networks for local distribution. At the transition between these levels, transformers are required to ensure a smooth change of voltages with minimum loss of energy.

#### **Demand drivers for Transformer Industry**

- Thrust on power generation
- Fast Track Distribution reforms under APDRP
- Rural electrification
- Threefold expansion planned in National Grid
- Ultra Mega Power Projects estimated to generate 28000 MW
- Momentum building up in Captive Power & Renewable Energy
- Enhanced investment of private players

#### **Key Players in the Industry**

Key Players in the Industry are EMCO, Bharat Bijilee Limited, Voltmap Transformers Limited, Transformers and Rectifiers Limited, Indo Tech Transformers Limited, ABB, BHEL, Crompton Greaves etc.

## **BUSINESS OVERVIEW**

*Tarapur Transformers Limited was originally incorporated on 9<sup>th</sup> day of May 1988 as a Private Limited Company in the Name and Style of "Tarapur Transformers Private Limited". The name of the Company was changed to "Tarapur Transformer Limited" vide special resolution passed by members of the Company in their Extra Ordinary General Meeting held on 10<sup>th</sup> March, 2007 and a Fresh Certificate to this effect was obtained from the Registrar of Companies, Maharashtra on 27<sup>th</sup> March 2007.*

*Tarapur Transformers Limited was initially promoted by Praful Dharia, Rajesh Kumar Shah, Praful Shah. In year 2006-2007 Bilpower Limited and its promoters acquired the entire voting rights in the Company followed by change in control and thus Bilpower Limited became the promoter of our Company.*

Our Company is currently engaged in the areas of manufacturing, rehabilitation, up-gradation, and refurbishment of transformers ranging from power & distribution transformer, Rectifier Transformer, Furnace Duty Transformer, Electric Locomotive Transformer, Electric Traction substation Transformer, Dry type transformer, Potential Transformer, Special purpose transformers. We are one of the players in Indian markets manufacturing & repairing of power & distribution transformers, focusing on quality, timely delivery and customization based on our engineering capabilities without any third party collaboration or technical assistance.

We manufacture Transformers up to 220 KV class, having an installed capacity of manufacturing of 1839.40 MVA & repairing of 1800 MVA per annum.

We currently operate through three manufacturing units located at MIDC, Boisar, Tarapur Industrial Area village Pali, At & PO - Posheri Taluka - Wada and L/25/5, GIDC Industrial Estate, Por- Ramnagamdi, Vadodara. Our Boisar unit mostly undertakes the repairing & refurbishment, rehabilitation & up gradation of transformers with the installed capacity of 600 MVA for manufacturing and 1200 MVA for repairing of transformers per annum. Our Pali unit is equipped with modern state of art infrastructure facilities & technology, which can undertake the manufacturing of 1200 MVA for manufacturing and 600 MVA for repairing of transformers per annum. Our Vadodara unit is engaged in manufacturing of Current Transformers Potential Transformer normally called as CTPT and Distribution Transformers ranging from 10 KV/11Kv to 100KV/11Kv with installed capacity of 39.40 MVA per annum.

Our Promoter Bilpower Limited is engaged in manufacturing of electrical Lamination (Cold Rolled Grain Oriented - Silicon based for transformer Industry), which acts as major raw material in manufacturing of Transformers. This helps our procurement of raw material in a timely and efficient manner. Further to this, the proximity of location of Bilpower unit & our Pali unit makes the transportation cost negligible & carves a niche for ourselves for better pricing of our products.

Our core competencies are our in-house technical and design knowledge, skilled workforce and well-equipped manufacturing facilities, which enables us to manufacture a wide range of transformers, to meet diverse client requirements.

### ***Our Competitive Strengths***

We believe that we are well positioned to sustain and strengthen our position in the markets in which we compete as well as to exploit significant growth opportunities that exist. We believe the following, among others, are our principal strengths:

#### ***Experience in designing transformers at optimal costs:***

Price of a Transformer is depended on cost of raw material procured; The Transformers repaired & manufactured by our company are cost effective due to in-house procurement of key raw material from our promoter company - Bilpower Ltd., which is situated near to our Pali and Boiser units. This reduces transportation cost of procuring the raw material and also our Company gets its major raw material on timely basis which saves our interest cost. This exploitation of forward and backward linkage reduces the cost of our transformers by approximate 10% to 15% in comparison to other players in the industry

#### ***Research & development and designing capabilities:***

Due to very existence in the Industry for past 21 years, our company has developed its brand on technical front. Our company has developed state-of-the-art Quality Control and in-house R&D Department. Our

Company has already developed technology in the field of manufacturing, upgrading, rehabilitation, and life extension of transformers of high rating.

*Competent Technical Personnel:*

Repair & Manufacture of efficient transformers require efficient technical personnel, Our Company is well equipped with team of skilled operators qualified to handle processes efficiently. Our Company possesses a team of experienced, trained & qualified personnel dedicated to Research & Development center that also takes care of total quality management systems.

*Leveraging the experience of our Promoter Bilpower Limited:*

Our Promoter Company i.e. Bilpower Limited, has presence in the Industry for past 20 years, has developed good clientele base, technical expertise & has become a specialized player in manufacturing of transformer cores & lamination and subsequently it has moved up the value chain by foraying into manufacturing of Stamping for Rotating Machines.

*Ability in customization to suit the demand from low, medium, and high capacity transformers:*

Our Company caters to specific customer requirements, by providing with tailor made transformers as per the design and specifications required by the Customers.

*Wide product portfolio and ability to cater to diverse needs of markets:*

Our product portfolio ranges from Power & Distribution Transformers, Rectifier Transformers, Furnace Duty Transformers, Electric Locomotive Transformers, Electric Traction Substation Transformers, Dry Type Transformers, Potential Transformers and Special Purpose Transformers in both repairing & manufacturing segment, thus catering to diverse needs of markets.

*Location advantage of the Unit:*

Our company is having a unit at MIDC, Boisar Tarapur Industrial Area, where it has full fledged infrastructural facilities for repair of Power transformers of 220 KV Class. Our Company is also having a unit at Wada (at Village - Pali) for manufacturing of Power Transformers, which is situated in backward area under D-Zone & enjoys the consequent benefits, thus lowering cost of manufacturing of Transformers.

### SUMMARY OF FINANCIAL DATA

The following tables set forth summary financial information derived from our restated financial statements for the financial years ended March 31, 2009, 2008, 2007, 2006, 2005 and period ended August 31, 2009.

#### STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>Assets</b>						
Fixed Assets-Gross Block	1,451.11	1,313.10	678.28	230.29	227.25	227.25
Less: Depreciation	195.73	175.26	140.54	133.05	123.43	113.23
<b>Net Block (i)</b>	<b>1,255.37</b>	<b>1,137.84</b>	<b>537.75</b>	<b>97.24</b>	<b>103.81</b>	<b>114.02</b>
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve (A)	1,255.37	1,137.84	537.75	97.24	103.81	114.02
Capital Work in Progress (ii)	781.46	747.69	395.10	347.50	337.59	322.63
<b>Total (A) = (i+ii)</b>	<b>2,036.83</b>	<b>1,885.54</b>	<b>932.85</b>	<b>444.75</b>	<b>441.40</b>	<b>436.65</b>
<b>Deferred Tax Assets / (Liability) (B)</b>	<b>(81.37)</b>	<b>(66.66)</b>	<b>(37.72)</b>	<b>(25.32)</b>	<b>(18.53)</b>	<b>(12.02)</b>
<b>Investments (C)</b>	<b>-</b>	<b>0.89</b>	<b>0.89</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Assets, Loans and Advances</b>						
Inventories	681.24	655.27	540.00	154.34	190.19	106.91
Receivables	1,091.62	1,067.34	869.08	183.30	116.48	143.84
Cash & Bank Balances	410.83	98.14	88.47	206.18	18.08	20.18
Loans & Advances	667.64	317.97	241.74	42.55	13.70	18.19
<b>Total Current Assets (D)</b>	<b>2,851.33</b>	<b>2,138.72</b>	<b>1,739.29</b>	<b>586.37</b>	<b>338.45</b>	<b>289.11</b>
<b>Total Assets (E) = (A) + (B) + (C) + (D)</b>	<b>4,806.80</b>	<b>3,958.49</b>	<b>2,635.31</b>	<b>1,005.79</b>	<b>761.33</b>	<b>713.74</b>
<b>Liabilities &amp; Provisions</b>						
<b>Loan Funds</b>						
Secured Loans	2,189.50	1,438.86	333.81	-	364.12	406.04
Unsecured Loans	8.31	24.50	15.87	15.87	26.39	26.13
<b>Current Liabilities &amp; Provisions:</b>						
Current Liabilities	431.01	355.03	525.96	31.41	182.43	106.73
Provisions	130.06	178.87	129.49	3.69	2.37	0.42
<b>Total Liabilities &amp; Provisions (F)</b>	<b>2,758.89</b>	<b>1,997.25</b>	<b>1,005.13</b>	<b>50.98</b>	<b>575.31</b>	<b>539.33</b>
<b>Net Worth (E) - (F)</b>	<b>2,047.90</b>	<b>1,961.24</b>	<b>1,630.18</b>	<b>954.82</b>	<b>186.01</b>	<b>174.41</b>
<b>Represented By:</b>						
Share Capital	1,000.00	1,000.00	1,000.00	800.00	35.00	28.21
Share Application Money	600.00	590.00	388.44	-	-	24.00
Reserves & Surplus	451.79	375.58	247.73	154.82	151.01	122.20
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	451.79	375.58	247.73	154.82	151.01	122.20
Less : Misc. expenditure to the extent not written off	3.88	4.34	5.99	-	-	-
<b>Total Net Worth</b>	<b>2,047.90</b>	<b>1,961.24</b>	<b>1,630.18</b>	<b>954.82</b>	<b>186.01</b>	<b>174.41</b>

**STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED**

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>Income</b>						
<b>Operating Income</b>						
Sales	1,285.47	2,661.25	1,231.63	310.45	132.97	212.51
Less : Excise Duty & Sales Tax	(77.45)	(260.22)	(166.83)	(18.81)	-	(16.02)
Other Income	0.19	0.13	3.53	11.34	1.08	1.10
<b>Total</b>	<b>1,208.22</b>	<b>2,401.16</b>	<b>1,068.34</b>	<b>302.98</b>	<b>134.05</b>	<b>197.59</b>
<b>Expenditure</b>						
Raw Material consumed	957.75	1,716.37	633.76	168.59	35.37	75.43
Other Manufacturing Expenses	38.35	143.37	70.95	35.09	9.94	26.54
Personnel Expenses	34.41	72.39	53.89	33.51	12.46	24.03
Office & Administration Expenses	15.37	38.78	29.13	16.44	5.36	6.44
Selling & Distribution Expenses	6.58	14.85	10.66	1.12	14.95	23.36
Bad Debts	-	-	17.08	-	-	-
Service Tax	1.05	17.07	-	-	-	-
Miscellaneous / Deferred Revenue expenditure written off	0.62	1.45	1.45	-	-	-
<b>Total</b>	<b>1,054.13</b>	<b>2,004.28</b>	<b>816.93</b>	<b>254.75</b>	<b>78.07</b>	<b>155.81</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>154.09</b>	<b>396.88</b>	<b>251.41</b>	<b>48.24</b>	<b>55.98</b>	<b>41.79</b>
Depreciation	20.47	34.72	7.48	9.62	10.20	10.20
<b>Profit before Interest &amp; Tax</b>	<b>133.61</b>	<b>362.17</b>	<b>243.93</b>	<b>38.62</b>	<b>45.78</b>	<b>31.58</b>
Interest & Financial Charges	16.50	26.51	12.59	26.38	25.31	33.89
<b>Net Profit before Tax</b>	<b>117.11</b>	<b>335.66</b>	<b>231.33</b>	<b>12.24</b>	<b>20.47</b>	<b>(2.31)</b>
Less: Provision for Tax-Current Tax	26.20	89.80	66.53	1.41	2.05	-
Deferred Tax	14.71	28.94	12.40	6.80	6.50	(0.71)
Fringe Benefit Tax	-	1.32	1.00	0.23	0.32	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>76.20</b>	<b>215.60</b>	<b>151.41</b>	<b>3.80</b>	<b>11.60</b>	<b>(1.60)</b>
Extraordinary Items (Net of Tax)	-	-	-	-	-	-
<b>Net Profit After Extraordinary Items</b>	<b>76.20</b>	<b>215.60</b>	<b>151.41</b>	<b>3.80</b>	<b>11.60</b>	<b>(1.60)</b>
Profit / (Loss) Brought Forward from Previous year	55.74	2.88	(40.03)	(43.83)	(55.43)	(53.83)
<b>Balance Available for Appropriation</b>	<b>131.94</b>	<b>218.48</b>	<b>111.38</b>	<b>(40.03)</b>	<b>(43.83)</b>	<b>(55.43)</b>
<b>Appropriation</b>						
Transfer to General reserve	-	75.00	50.00	-	-	-
Proposed Dividend	-	75.00	50.00	-	-	-
Tax on Proposed Dividend	-	12.75	8.50	-	-	-
<b>Profit / (Loss) Carried to Balance Sheet</b>	<b>131.94</b>	<b>55.74</b>	<b>2.88</b>	<b>(40.03)</b>	<b>(43.83)</b>	<b>(55.43)</b>

#### ISSUE DETAILS IN BRIEF

<b>Issue:</b>	85,00,000 Equity Shares
Of which	
Qualified Institutional Buyers Portion	42,50,000 Equity Shares
Non Institutional Portion	12,75,000 Equity Shares
Retail Portion	29,75,000 Equity Shares
Equity Shares outstanding prior to the Issue	1,10,00,000 Equity Shares
Equity Shares outstanding after the Issue	1,95,00,000 Equity Shares
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 43 of this Draft Red Herring Prospectus.

Under subscription, in any of the categories, would be allowed to be met with spill over inter se from any other category, at the sole discretion of our Company in consultation with the BRLM.

## GENERAL INFORMATION

### TARAPUR TRANSFORMERS LIMITED

(Originally incorporated as "Tarapur Transformers Private Limited" on 9<sup>th</sup> May, 1988 under the Companies Act, of 1956. Our Company was subsequently converted to a public limited company and the name was changed to "Tarapur Transformers Limited" vide fresh certificate of incorporation dated 27<sup>th</sup> March 2007)

**Registered office:** J-20, MIDC, Tarapur Industrial Area, Boisar, Thane-401506, Maharashtra, India. Tel: +91 2525 - 272996; Fax: +91 2525 - 271181

**Corporate Office:** 201, Vikas Chambers, Junction of Link & Marve Road, Malad (West), Mumbai-400064, Maharashtra, India. Tel: +9122-40897777; Fax: +9122-28811225;  
Website: www.tarapurtransformers.com; E-mail: complianceofficer@tarapurtransformers.com

**Works-Boisar:** J-20, MIDC, Tarapur Industrial Area, Boisar, Dist- Thane, Pin- 401506, Tel: +91 2525 - 272996; Fax: +91 2525 - 271181

**Works-Pali:** 141, Manor Road, Village Pali, PO-Posheri, Taluka-Wada, Dist-Thane, Tel & Fax: +91 2526 - 271154;

**Works- Vadodara:** L/25/5, GIDC Industrial Estate, Por- Ramnagamdi, Vadodara, Tel: +91 265-2830290; Fax: +91 265- 2339629

**Contact Person:** - Ms. Astha Rathi, Company Secretary & Compliance Officer.  
Email: complianceofficer@tarapurtransformers.com

Our Company's Corporate Identification Number is (CIN):U99999MH1988PLC047303 and registered with the Registrar of Companies, Maharashtra, Mumbai having its address at Everest, 100, Marine Drive, Mumbai 400002.

#### Board of Directors:

Our Board of Directors comprise of the following members:

Name	Designation	Status
Mr. Naresh Kumar Choudhary	Director	Non Executive & Non Independent
Mr. Rajendra Kumar Choudhary	Director	Non Executive & Non Independent
Mr. Mohan Waman Ranadive	Whole time Director	Executive & Non Independent
Mr. R.G. Subramanian	Director	Non Executive & Independent
Mr. Vinod Kumar Agrawal	Director	Non Executive & Independent
Mr. Anil Kumar Nevatia	Director	Non Executive & Independent

For further details of Management of our Company, please refer to section titled "Our Management" on page 90 of this Draft Red Herring Prospectus.

#### Company Secretary & Compliance Officer

Ms. Astha Rathi  
J-20, MIDC Tarapur Industrial Area,  
Boisar, Thane- 401506  
Maharashtra, India  
Tel: 952525 - 272996  
Fax: 952525 - 271181  
E-mail: complianceofficer@tarapurtransformers.com

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

#### **BOOK RUNNING LEAD MANAGER**

##### **COMFORT SECURITIES PRIVATE LIMITED**

A-301, Hetal Arch, Opposite Natraj Market,  
S.V.Road, Malad (West),  
Mumbai- 400 064.  
Tel: 022 - 28449765  
Fax: 022 - 28892527  
Email: [mbdivision@comfortsecurities.co.in](mailto:mbdivision@comfortsecurities.co.in)  
Website: [www.comfortsecurities.co.in](http://www.comfortsecurities.co.in)  
Contact Person: Mr. Sarthak Vijlani  
SEBI Regn. No: INM 000011328

#### **LEGAL ADVISOR TO THE ISSUE**

##### **Sunil Shukla**

4, Shanti Sadan,  
Opp. Haweli Poddar Road,  
Malad (East),  
Mumbai- 400 097  
Tel: 022-28808726  
Email: [advshukla@rediffmail.com](mailto:advshukla@rediffmail.com)

#### **BANKERS TO OUR COMPANY**

##### **BANK OF BARODA**

Sainath Shopping Center,  
1<sup>st</sup> floor, Malad (west),  
Mumbai - 400 064.  
Tel: +91- 22 2844 2401

#### **REGISTRAR TO THE ISSUE**

##### **BIGSHARE SERVICES PRIVATE LIMITED**

E- 2/3, Ansa Industrial Estate,  
Sakivihar Road,  
Saki Naka, Andheri (East)  
Mumbai- 400 072  
Tel: +91- 22 2847 0652  
Fax: +91 -22 2847 5207  
Contact Person: Mr. Ashok Shetty  
Email: [ashok@bigshareonline.com](mailto:ashok@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
SEBI Regn No. INR000001385

#### **SELF CERTIFIED SYNDICATE BANKS**

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

## **STATUTORY AUDITORS**

**Raman S. Shah & Associates**  
Chartered Accountants  
Sam Plaza, 'A' Wing, II Floor,  
H. K. Irani Road, Dhanu Road (west)  
Mumbai - 401602

## **ESCROW COLLECTION BANKERS TO THE ISSUE**

[•]

## **SYNDICATE MEMBER (S)**

[•]

## **IPO GRADING**

### **CREDIT RATING INFORMATION SERVICES OF INDIA LIMITED (CRISIL)**

254/B, 2nd Floor, Nirlon House,  
Dr. A.B. Road, Worli,  
Mumbai - 400 025, India.  
Tel: (91 22) 493 94 45 - 9  
Fax: (91 22) 493 94 41

Contact Person: Mr. Vishal Thakkar  
E-mail: [tvishal@crisil.com](mailto:tvishal@crisil.com) Website: [www.crisil.com](http://www.crisil.com)

We have appointed above-mentioned IPO Grading Agency for grading of proposed Initial Public Offering of our Company. This IPO Grading Agency has assigned [•] Grade to the Initial Public Offering of our Company. The rationale of the IPO Grading Agency for assigning [•] Grade is as under:

[•]

IPO Grading concept is relatively new and the investors should carefully consider all of the information provided in this Draft Red Herring Prospectus including IPO Grading Information and should make their own judgment prior to making any investment in this Issue. This IPO Grading does not take cognizance of the Issue Price of our Equity Shares and it is not a recommendation to buy, sell or hold our Equity Shares.

### **Credit Rating**

As the Issue is of Equity shares, credit rating is not mandatory.

### **Trustees**

As the Issue is of Equity Shares, the appointment of Trustees is not mandatory.

### **Brokers to the Issue**

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

### **Monitoring Agency**

As the net proceeds of the Issue will be less than Rs.50000 Lakhs, under the SEBI (ICDR) Regulations, it is not required that a monitoring agency be appointed by our Company.

### **Inter-se allocation of Responsibilities**

Comfort Securities Private Limited being the sole Book Running Lead Manager shall be responsible for the following:

1. Capital structuring with the relative components and formalities such as type of instruments.
2. Due diligence of our Company including our operations, management and business plans. Drafting and design of the Draft Red Herring Prospectus and statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalization of Prospectus and the RoC filing of the same.)
3. Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, road show presentations, FAQs and corporate films.
4. Appointment of other intermediaries namely, Registrar, printers, advertising agency and Bankers to the Issue.
5. Institutional marketing of the Issue, which will cover, inter alia,
  - a. Finalizing the list and division of investors for one to one meetings and
  - b. Finalizing road show schedule and investor meeting schedules
  - c. Selection of Underwriters
  - d. Holding Conferences and Brokers Meetings
6. Non-Institutional and retail marketing of the Issue, which will cover, inter alia,
  - a. Formulating marketing strategies, preparation of publicity budget;
  - b. Finalizing media and public relations strategy;
  - c. Finalizing centres for holding conferences of stock brokers, investors etc;
  - d. Finalizing collection centres;
  - e. Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material;
  - f. Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading;
  - g. Selection of Underwriters;
  - h. Holding Conferences and Brokers Meetings;
7. Follow - up with the bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
8. The post bidding activities including management of escrow accounts, coordination of non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc.
9. The post issue activities will involve essential follow up steps, which include the finalization of listing of instruments, dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.
10. Underwriting arrangements involving invoking underwriting obligations in case of under-subscription.

#### **BOOK BUILDING PROCESS**

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

The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Comfort Securities Private Limited.;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;

- Escrow Collection Banks and
- Self Certified Syndicate Banks

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

**In accordance with the SEBI Regulations, QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. QIBs are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section “Terms of the Issue” on page 158 of this Draft Red Herring Prospectus.**

The Company shall comply with the SEBI Regulations and any other directions issued by SEBI for this Issue. In this regard, we have appointed Comfort Securities Private Limited as the Book Running Lead Manager to manage the Issue.

**The process of Book Building under the SEBI Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.**

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40/- to Rs. 48/- per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres’ during the bidding period. The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1200	20.00 %
1,000	46	2200	36.67%
400	45	2600	43.33%
500	44	3100	51.67%
200	43	3300	55.00%
2,700	42	6000	100.00%
800	41	6800	113.33%
1,200	40	8000	113.33%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42/- in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut-off price i.e. at or below Rs. 42/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

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

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid?” on page 165 of this Draft Red Herring Prospectus);

2. Ensure that you have a dematerialized account and the dematerialized account details are correctly mentioned in the Bid cum Application Form;
  3. Ensure that you have mentioned your PAN (see “Issue Procedure - PAN” on page 165 of this Draft Red Herring Prospectus); and
- Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;

#### **Withdrawal of the Issue**

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

#### **Bid/Issue Programme**

##### *Bidding Period/Issue Period*

<b>BID/ISSUE OPENS ON</b>	<b>[•]</b>
<b>BID/ISSUE CLOSES ON</b>	<b>[•]</b>

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not be uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Regulations provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

In case of revision of the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band subject to the total Bid /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/Issue, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and by indicating the changes on the web sites of the BRLMs and at the terminals of the Syndicate.

#### **Underwriting Agreement**

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Maharashtra, Mumbai the Company will enter into an Underwriting Agreement with the Underwriters for the

Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies, Maharashtra, Mumbai.)*

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lakhs)
<b>COMFORT SECURITIES PRIVATE LIMITED</b> A-301, Hetal Arch, Opposite Natraj Market, S.V.Road, Malad (West), Mumbai- 400 064. Tel : 022 28449765 Fax: 022 28892527 Email: mbdivision@comfortsecurities.co.in Website: www.comfortsecurities.co.in Contact Person: Mr. Sarthak Vijlani SEBI Regn. No: INM 000011328	[•]	[•]
[•]	[•]	[•]
<b>Total</b>	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable guideline.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to “Other Regulatory and Statutory Disclosures” on page 148 of this Offer Document.

## CAPITAL STRUCTURE

(Rs. In Lakhs)

	Aggregate Nominal Value	Aggregate value at Issue Price
<b>(A) Authorized Share Capital</b>		
2,50,00,000 Equity Shares of Rs. 10/- each	2500.00	
<b>(B) Issued, Subscribed and Paid-up Equity Capital</b>		
1,10,00,000 Equity Shares of Rs. 10/- each	1100.00	
<b>(C) Present Issue in terms of this Draft Red Herring Prospectus</b>		
85,00,000 Equity Shares of Rs. 10/- each	850.00	[•]
<b>Of which</b>		
Qualified Institutional Buyers Portion Of Up To 42,50,000 Equity Shares	425.00	[•]
Non Institutional Portion of at least 12,75,000 Equity Shares	127.50	[•]
Retail Portion of at least 29,75,000 Equity Shares	297.50	[•]
<b>(G) Issued, Subscribed and Paid-up Equity Capital after the Issue</b>		
1,95,00,000 Equity Shares of Rs. 10/- each (fully paid up)	1950.00	
<b>(G) Share Premium Account</b>		
	Before the Issue	517.21
	After the Issue	[•]

### DETAILS OF CHANGES IN AUTHORISED CAPITAL

Date	Authorised Capital (Rs.)	Face Value (Rs.)	No. of Shares	Particulars
09.05.1988	Rs. 5 Lakhs	100/-	5,000	Incorporation
17.01.1990	From Rs. 5 Lakhs to Rs. 25 Lakhs	100/-	25,000	Increase
03.08.1994	From Rs. 25 Lakhs to Rs. 35 Lakhs	100/-	35,000	Increase
26.03.2007	Rs. 35 Lakhs	2/-	17,50,000	Subdivision of Share Capital From Rs. 100/- to Rs. 2/- each
26.03.2007	From Rs. 35 Lakhs to Rs. 1000 Lakhs	2/-	5,00,00,000	Increase
25.09.2009	Rs. 1000 Lakhs	10/-	1,00,00,000	Consolidation of Share Capital from Rs.2 /- to Rs.10/-each
25.09.2009	From Rs. 1000 Lakhs to Rs. 2500 Lakhs	10/-	2,50,00,000	Increase

NOTES FORMING PART OF THE CAPITAL STRUCTURE:  
1. Equity Share Capital History of our Company

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Cumulative no. of shares	Issue Price (Rs.)	Consideration (Cash or Other than Cash)	Remarks	Securities Premium Account (Rs. in Lakhs)	Cumulative Share Premium (Rs. in Lakhs)
09/05/1988	30	100	30	100	Cash	Subscription to Memorandum of Association	Nil	Nil
30/03/1990	3,245	100	3,275	100	Cash	Further issue of Equity Shares to Praful Manubhai Shah & Nutan Rajesh Shah	Nil	Nil
31/03/1991	2,363	100	5,638	100	Cash	Further issue of Equity Shares to Praful Manubhai Shah, Nutan Rajesh Shah, Ramesh Krishnarao Shringarpure and Mohan Waman Ranadive	Nil	Nil
31/03/1992	7,000	100	12,638	100	Cash	Further issue of Equity Shares to Rajeshkumar Vardhilal Shah, Rajeshkumar Vardhilal Shah (HUF), Pregna Vardhilal Shah, Siromani Praful Shah, Praful Manubhai Shah & Sanjay Motiwale	Nil	Nil
31/03/1993	4,380	100	17,018	100	Cash	Further issue of Equity Shares to Rajeshkumar Vardhilal Shah (HUF)	Nil	Nil
21/03/1994	2,242	100	19,260	100	Cash	Further issue of Equity Shares to Mohan Waman Ranadive	Nil	Nil
04/11/1994	5,650	100	24,910	100	Cash	Further issue of Equity Shares to Mohan Waman Ranadive, Nutan Rajeshkumar Shah, & Rajeshkumar Vardhilal Shah	Nil	Nil
31/03/1995	3,300	100	28,210	100	Cash	Further issue of Equity Shares to Praful Manubhai Shah and Mohan	Nil	Nil

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Cumulative no. of shares	Issue Price (Rs.)	Consideration (Cash or Other than Cash)	Remarks	Securities Premium Account (Rs. in Lakhs)	Cumulative Share Premium(Rs. in Lakhs)
						Waman Ranadive		
05/04/2005	6,790	100	35,000	353.46	Cash	Further issue of Equity Shares to Bhumita R. Shah & Rajesh V. Shah Miten R. Shah & Rajesh V. Shah Praful Manubhai Shah	17.21	17.21
26/03/2007	-----	2	17,50,000	N.A.	N.A.	Subdivision of Share Capital From Rs. 100/- to Rs. 2/- each	Nil	17.21
31/03/2007	3,82,50,000	2	4,00,00,000	2	Cash	Further issue of Equity Shares to Bilpower Limited, Rajendra Kumar Choudhary	Nil	17.21
17/03/2008	1,00,00,000	2	5,00,00,000	2	(other than cash- Acquisition of business from Varsha Engineers)	Further issue of Equity Shares to Manjulata Choudhary	Nil	17.21
25/09/2009	-----	10	1,00,00,000	N.A.	N.A.	Consolidation of Share Capital from Rs.2 /- to Rs.10/-each	Nil	17.21
19/11/2009	10,00,000	10	1,10,00,000	60	Cash	Further issue of Equity Shares to Bilpower Limited	500	517.21

## 2. SHAREHOLDING OF OUR PROMOTERS

Following is the build up of Promoter Shareholdings:

Name of the Promoter	Date of Allotment / acquisition /	Consideration	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Remarks	Pre-Issue Shareholding %	Post Issue Shareholding %
Bilpower Limited	22/11/2006	Cash	30,999	100	846.90	Acquired the controlling interest of Company from erstwhile promoters.		
	26/03/2007	N.A	(30,999)	100	N.A	Subdivision		

Name of the Promoter	Date of Allotment / acquisition /	Consideration	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Remarks	Pre-Issue Shareholding %	Post Issue Shareholding %
			15,49,950	2		of Share Capital From Rs. 100/- to Rs. 2/- each		
	31/03/2007	Cash	3,38,78,025	2	2	Further Allotment		
	25/09/2009	N.A	(3,54,27,975) 70,85,595	2 10	N.A	Consolidation of Share Capital from Rs.2 /- to Rs.10/- each		
	19/11/2009	Cash	10,00,000	10	60	Further Allotment		
		<b>TOTAL</b>	<b>80,85,595</b>	<b>10</b>			<b>73.50</b>	<b>41.46</b>

### 3. Details of Promoters contribution Locked-in for three years

Name of Promoter	Date of Allotment / acquisition and when made fully paid-up	Allotment / Transfer	Nature of consideration	No. of shares locked in	Face value (Rs.)*	Issue Price / Purchase Price (Rs. per share)	% of Post Issue Paid up Equity capital
Bilpower Limited	22/11/2006	Transfer	Cash	15,49,950	10	84.69	7.95
Bilpower Limited	31/03/2007	Allotment	Cash	23,50,050	10	10	12.05
<b>Total</b>				<b>39,00,000</b>			<b>20.00</b>

\* In order to maintain consistency in the presentation, the face value of the Equity Shares has been shown to Rs.10/- as adjusted to stock split and consolidation and number of shares are adjusted accordingly

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations, 2009 may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of

shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009 the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue. Other than those shares those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

4. Our Promoter, Promoter Group and directors of Promoter have not purchased or sold any Equity Shares during the period of six (6) months preceding the date on which the Draft Red Hearing Prospectus is filed with SEBI, except as under:

Date of Transfer	Transferor	Transferee	No. of Equity Shares	Face Value	Transfer Price	Remarks
1 <sup>st</sup> September, 2009	Ms. Shradha Choudhary	Mr. Mohan Ranadive	Four (4) Equity Shares of face value of Rs. 2/- Each	Rs.2	Rs. 100 per Share	NIL

5. Shareholding Pattern of our Company:

The table below represents the shareholding pattern of our Company before the proposed issue and adjusted for this issue as on 30<sup>th</sup> November 2009

Particulars	No. of Equity Shares held prior the Issue	% of Pre-Issue Capital	No. of Equity Shares-Post Issue	% of Post-Issue Capital
<b>Promoters</b>				
Bilpower Limited	80,85,595	73.50	80,85,595	41.46
<b>Sub-Total</b>	<b>80,85,595</b>	<b>73.50</b>	<b>80,85,595</b>	<b>41.46</b>
<b>Promoters Group</b>				
Rajendra Kumar Choudhary	9,14,355	8.31	9,14,355	4.69
Prabha Devi Choudhary	10	-	10	-
Varsha Devi Choudhary	10	-	10	-
Shradha Choudhary	9	-	9	-
Naresh Kumar Choudhary	10	-	10	-
Manjulata Choudhary	20,00,010	18.19	20,00,010	10.26
Mohan Waman Raadive	1	-	1	-
<b>Sub-Total</b>	<b>29,14,405</b>	<b>26.50</b>	<b>29,14,405</b>	<b>14.95</b>
<b>Total Promoter and Promoter Group Holding</b>	<b>1,10,00,000</b>	<b>100.00</b>	<b>1,10,00,000</b>	<b>56.41</b>
<b>Non Promoter Holding</b>	<b>----</b>	<b>----</b>	<b>85,00,000</b>	<b>43.59</b>
<b>Grand Total</b>	<b>1,10,00,000</b>	<b>100.00</b>	<b>1,95,00,000</b>	<b>100.00</b>

6. Details of Top ten Shareholders of our Company

- (a) Top shareholders as on the date of filing the Draft Red Herring Prospectus

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Bilpower Limited	80,85,595	73.50
2.	Rajendra Kumar Choudhary	9,14,355	8.31
3.	Prabha Devi Choudhary	10	-
4.	Varsha Devi Choudhary	10	-
5.	Shradha Choudhary	9	-
6.	Naresh Kumar Choudhary	10	-
7.	Manjulata Choudhary	20,00,010	18.19
8.	Mohan Waman Ranadive	1	-
	<b>Total</b>	<b>1,10,00,000</b>	<b>100.00</b>

(b) Top shareholders, ten (10) days prior to filing of Draft Red Herring Prospectus

No.	Name of Shareholders	No. of Equity shares held	% of pre-issue shareholding
1.	Bilpower Limited	80,85,595	73.50
2.	Rajendra Kumar Choudhary	9,14,355	8.31
3.	Prabha Devi Choudhary	10	-
4.	Varsha Devi Choudhary	10	-
5.	Shradha Choudhary	9	-
6.	Naresh Kumar Choudhary	10	-
7.	Manjulata Choudhary	20,00,010	18.19
8.	Mohan Waman Ranadive	1	-
	<b>Total</b>	<b>1,10,00,000</b>	<b>100.00</b>

(c) Top shareholders, two (2) years prior to filing the Draft Red Herring Prospectus

No.	Name of Shareholders	No. of Equity shares held	% of holding
1.	Bilpower Limited	70,85,595	88.57%
2.	Rajendra Kumar Choudhary	9,14,355	11.43%
3.	Prabha Devi Choudhary	10	-
4.	Varsha Devi Choudhary	10	-
5.	Shradha Choudhary	10	-
6.	Naresh Kumar Choudhary	10	-
7.	Manjulata Choudhary	10	-
	<b>Total</b>	<b>80,00,000</b>	<b>100%</b>

**Note:** In order to maintain consistency in the presentation, the face value of the Equity Shares has been taken at Rs. 10/- per equity share for the above table. In Addition, the number of shares allotted has been adjusted accordingly.

7. There is no "Buyback", "Standby", or similar arrangement for the purchase of equity shares by our Company/ its Promoters/Directors/BRLM for purchase of Equity Shares offered through the Red Herring Prospectus.
8. Our Company has not raised any bridge loans against the proceeds of this Issue.
9. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in Paragraph on "Basis of Allotment" on page 183 of this Draft Red Herring Prospectus.
10. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allotment to the nearest integer during finalizing the allotment, subject to minimum allotment lot.

Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoter and subject to lock-in shall be suitably increased to ensure that 20% of the Post Issue paid-up capital is locked-in.

11. As on date of filing of this Draft Red Herring Prospectus with SEBI, the entire issued Share Capital of our Company is fully paid-up. The Equity Shares offered through this Public Issue will be fully paid up.
12. On the date of filing the Draft Red Herring Prospectus with SEBI, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.
13. Our Company has not issued any Equity Shares out of revaluation reserves.
14. Lead Manager to the Issue i.e. Comfort Securities Private Limited does not hold any equity shares of our Company.
15. Our Company has not revalued its assets since incorporation.
16. Our Company has not made any public issue since incorporation.
17. There will be only one denomination of the Equity Shares of our Company 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.
18. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
19. Except as disclosed in DRHP, our Company presently does not have any intention or proposal to alter its capital structure for a period of six (6) months from the date of opening of the issue, by way of spilt/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise. However, during such period or a later date, it may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by its Board of Directors to be in the interest of our company.
20. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed Issue. As and when, options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
21. In the Issue, in case of over-subscription in all categories, up to 50% of the Issue shall be available for allocation on a proportionate basis to QIBs out of which up to 5% of the QIB portion shall be available for allocation on a proportionate basis to Mutual Funds and the balance of the QIB portion to QIBs including Mutual Funds, a minimum of 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and a minimum of 35% of the Issue 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. Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
22. An investor cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

23. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoter to the persons who receive allotments, if any, in this issue.
24. Our Company has eight (8) members as on the date of filing of this Draft Red Herring Prospectus.

## OBJECTS OF THE ISSUE

The objects of the Issue are as stated below:

- Expansion and Modernization of our Pali Unit;
- To part-finance incremental working capital requirements;
- To part-finance the acquisition of business;
- To part -finance the marketing and corporate branding expenses;
- To part -finance the general corporate Expenses;
- To meet the expenses of the Issue;

The objects of the Issue also include creating a public trading market for the Equity Shares of our Company by listing them on the Stock Exchanges. We believe that the listing of our Equity Shares will provide liquidity to our shareholders and enhance our visibility and brand name.

The main objects of our Memorandum of Association permit us to undertake our existing activities and the activities for which the funds are being raised by us, through the present Issue. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

The fund requirement as shown below is based on our current business plan. In view of the highly competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement may also change. This may include rescheduling of our capital expenditure programmes and increase or decrease the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our management and conclusion of the Book Building Process. Any shortfall in meeting the Objects of the Issue on determination of Issue price on conclusion of the Book Building Process would be met from internal accruals and/or debt. Further, the amount that is in excess of the funds required for the Objects and Issue expenses will be utilized for general corporate purposes, which would be in accordance with the policies of our Board made from time to time.

The Details of the proceeds of the Issue are summarized in the table below: -

		(Rs. in Lakhs)
No.	Particulars	Amount
<b>I. Expansion and Modernization of our Pali Unit</b>		
A.	Civil and Structure related work	919.39
B.	Electrical Installation	290.00
C.	Purchase of Machines	2205.07
<b>II. To part finance the incremental working capital requirements</b>		
		800.00
<b>III. To finance the acquisition for diversification</b>		
		2500.00
<b>IV. To finance the corporate branding expenses</b>		
		200.00
<b>V. General Corporate Purposes</b>		
		[•]
<b>VI. Issue Expenses</b>		
		[•]
<b>TOTAL</b>		<b>[•]</b>

### MEANS OF FINANCE

		(Rs. in Lakhs)
Particulars	Amount	
Initial Public Offering	[•]	
Debt	1250.00	
Internal Accruals	[•]	
<b>Total</b>	<b>[•]</b>	

The entire fund requirement towards the aforesaid Objects of the Issue is proposed to be funded through the Proceeds from the Issue, Internal Accruals and Debt of an amount of Rs.1250 Lacs. Standard Chartered Bank has sanctioned us a term loan of Rs. 2750 Lacs vide their sanction letter dated 9<sup>th</sup> July 2009 and out of the same we have utilized approximate sum of Rs.1500 Lacs and remaining Rs.1250 Lacs would be allocated towards objects of the Issue as aforesaid.

In the event of a shortfall in raising the requisite capital from the proceeds of the Issue, towards meeting the Objects of the Issue, the extent of the shortfall will be met by internal accruals and/or from fresh debt.

#### Details of Utilization of Issue Proceeds

##### I. Expansion and Modernization of our Pali Unit

The Pali unit is spread over land area measuring 62726 square meters and is equipped to manufacture range of power and distribution transformers. The installed capacity of this unit, in case of manufacturing of transformers is 1200 MVA and in case of repairing of transformers is 600 MVA per annum. We have 30 people working at this unit.

At present Company is manufacturing the smaller range of transformers and our infrastructure and equipments are not matching to international standards and the same is a proving a bottleneck for us in bagging the orders of large transformers.

As a part of our strategy and in order to augment our capacity in manufacturing of power and distribution transformers, we propose to expand and modernize the plant.

After modernization of the plant, our Pali unit would be equipped with state of art infrastructure, latest technology equipments and machines. This will facilitate us to enter in to lucrative segment of manufacturing of large and medium range transformers.

The break up of the cost of Modernization of our Pali Unit is as under:

(Rs. in Lakhs)

No.	Particulars	Amount
A	Civil and Structure related work	919.39
B	Electrical Installation	290.00
C	Purchase of Machines	2205.07
	<b>TOTAL</b>	<b>3414.46</b>

##### A. Civil and Structure related work:

As an initial step towards our modernization our Pali unit, we are proposing to renovate / extend our civil structure by installing tubular shed structure, water drainage facilities, oil tank civil structure, winding hall, testing room etc. This civil structure will lead to increase in efficiency and provide amenities like oil storage facility in bulk quantities, separate sections for winding, testing etc.

The detailed cost of Civil and Structure related work are as under:

(Rs. in Lakhs)

No.	Particulars	Amount
1.	Tubular Shed Structure (72 * 45Mtrs)	246.39
2.	Shed "C" (11300 Sq. Mtr )	115.00
3.	Roads & Storm water Drainage	175.00
4.	Back Platform (Repair)	15.00
5.	Office ( 1000 Sq. Feet)	17.00
6.	Boundary Wall	150.00
7.	Security Cabin ( 500 Sq. Feet )	7.00
8.	Sub Station Enhancement	25.00
9.	Workers Quarters / Toilets	7.00
10.	Oil Farm Civil	15.00

No.	Particulars	Amount
11.	Winding Hall	35.00
12.	Canteen (2000 Sq Feet )	20.00
13.	Water Tanks & Piping	10.00
14.	Toilets / Changing Rooms	5.00
15.	Landscaping / Gardening	20.00
16.	Testing Room	5.00
17.	Sheeting of Shed	30.00
18.	Paintings of Sheds	12.00
19.	Production Cabin on Shop Floor(2 Nos)	2.00
20.	Stores	8.00
	<b>Total</b>	<b>919.39</b>

#### B. Electrical Installation:

Apart from the above, we also propose to carry out the electrification and cabling to our Pali Unit to match the industry standards. This electrification will involve the installation of high quality electricity equipments. We also propose to set up an impulse earthing room to handle testing of large transformers at very fluctuating voltages, the facility which we are outsourcing at present.

The detailed cost of Electrical Installation is as under:

(Rs. in Lakhs)

No.	Particulars	Amount
1	Electrification & Cabling	250.00
2	Impulse Earthing & Room (Supplier / Contractor : Sarswat Engineering Services)	40.00
	<b>TOTAL</b>	<b>290.00</b>

#### C. Purchase of Machines:

In order to gear up our modernization process, we intend to acquire modern machines & equipments including winding machines, material handling equipments, Vapor phase drying equipments, insulations machines, ovens and testing equipments.

The detailed cost of Purchase of Machines is as under:

(Rs. in Lakhs)

No.	Particulars	Supplier	Amount
1	Material Handling Equipments		
	(i) Cranes (3 Nos)	Hindustan Engineering Services	82.96
	(ii) Core Assembly Fixture 50 & 20 Ton	Nanda Industries	6.57
	(iii) Mobile Crane (Hydra 8-Ton)	Escorts Construction Equipment Limited	9.00
	<b>Total (1)</b>		<b>98.53</b>
2	Winding Machine 10 & 20 Ton	M. D. Engineering Works	41.62
	<b>Total (2)</b>		<b>41.62</b>
3	Winding Shop		
	(i) Winding Machine Upgrade (4 Nos)		
	(a) Hydraulic S Bending	M. D. Engineering Works	9.00
	(b) Winding Machine Up gradation to 10 ton	M. D. Engineering Works	0.76
	(c) VFD Arrangements	M. D. Engineering Works	5.85
	(d) Tension Devices	M. D. Engineering Works	11.84

No.	Particulars		Supplier	Amount
	(ii)	Winding Autoclave with Vacuum with foundation	Savas Engineering Company Pvt. Ltd.	219.00
	(iii)	Electromechanical Coil upended ( 15 Ton )	M. D. Engineering Works	17.00
<b>Total (3)</b>				<b>263.45</b>
4	Vapor Phase Drying Equipments		Savas Engineering Company Pvt. Ltd.	351.41
	(i)	Roots Pump (4 Nos)	Pfeiffer Vacuum (I) Limited	73.52
	(ii)	Water Softening Plant	Thermovision Engineering Sales and Services Pvt. Ltd.	1.10
	(iii)	Chilling Plant of 20 Ton Capacity	Sai Chill Air Services	3.66
	(iv)	Horizontal Pup Sets (2 Nos)	Sterling SIHI GmbH	22.01
<b>Total (4)</b>				<b>451.70</b>
5	Oil Farm			-
	(i)	Filter Machine High Vacuum 10000 Ltr ( 2 Nos )	Savas Engineering Company Pvt. Ltd.	55.00
	(ii)	Storage Tank 40000 Ltr ( 2 Nos )	Thermovision Engineering Sales and Services Pvt. Ltd.	9.16
	(iii)	Storage Tank 20000 Ltr ( 2 Nos )	Thermovision Engineering Sales and Services Pvt. Ltd.	6.75
<b>Total (5)</b>				<b>70.91</b>
6	Insulation Machines			
	(i)	Two Side Edge Rounding Machine	S.P. Agencies	3.41
	(ii)	Power Press 10 Mt. Ton	Syndicate Machines	0.60
	(iii)	Rolling Machine Motorized Length 3 Mtr Ø2500	Syndicate Machines	4.78
	(iv)	Insulation Treatment Oven	Bharat Engineering Industries	13.95
<b>Total (6)</b>				<b>22.74</b>
7	Oven-Thermic Fluid Heater		Double Ace Engineers	5.69
<b>Total (7)</b>				<b>5.69</b>
8	Testing Equipments			
	(i)	DVDF Generator 1000 KVA : Motor 300 KW 415 V	Aesthtic Stampings & Laminations Pvt. Ltd.	9.11
	(ii)	Generator set 4250 KVA GEC : motor 750 KW 6 KV	Aesthtic Stampings & Laminations Pvt. Ltd.	29.36
	(iii)	Impulse Generator 2400 KV	Easy Energia(Middle East) FZE	833.00
	(iv)	Power Analyzer	Interphase Devices India Pvt. Ltd.	10.45
	(v)	SFRA Instrument / Software	Double Engineering Company	9.50
	(vi)	Tan Delta Test Set For Oil	Fifty Hertz Instruments	2.68
	(vii)	Transformer Ratio meter	Fifty Hertz Instruments	0.71
	(viii)	Tan Delta Test Set	Omicron Energy	26.65

No.	Particulars		Supplier	Amount
			Solution	
(ix)	Testing Gen Set	26500 KVA : 2* 1500 KW 6 KV	Aesthtic Stampings & Laminations Pvt. Ltd.	70.70
(x)	Power Transformers	990 KVA	Nik-San Engineering Co. Pvt. Ltd.	11.04
(xi)		1.5 MVA with OLTC	Urja Techniques (I) Pvt. Ltd.	26.65
(xii)		6.3 MVA with OLTC	Urja Techniques (I) Pvt. Ltd.	62.25
(xiii)		Partial Discharge Test Set	Omicron Energy Solution	42.32
(xiv)		VCB 6.6 Kv	Eswari Electricals Pvt. Ltd.	4.90
(xv)		VCB 11 Kv	Eswari Electricals Pvt. Ltd.	6.00
(xvi)		Regulator with oil O- 1600 Amp	Automatic Electric Limited	24.06
(xvii)		5 KVA Meggar	Victronic (India)	6.07
(xviii)		1 or 2 Kva Meggar 2 Nos	Victronic (India)	5.47
(xix)		Ratio Meter 3 Phase For Panel	The Tinsley Group Limited	5.76
(xx)		Resistance Bridge	The Tinsley Group Limited	7.95
(xxi)		Tong Tester O- 1000 Amp	Victronic (India)	5.47
(xxii)		Multimeter ( 2 Nos )	Victronic (India)	0.61
(xxiii)		Transformer 100 Kva Dry Type for Impulse	EPI Electricals Pvt. Ltd.	2.57
<b>Total (8)</b>				<b>1203.28</b>
9	Allied Equipments			-
(i)		Hydraulic Platform & Stands	M. D Engineering Works	13.63
(ii)		Compressors for Oven & Production	Aircorn Agencies (I) Pvt. Ltd.	33.52
<b>Total (9)</b>				<b>47.15</b>
<b>TOTAL (1---9)</b>				<b>2205.07</b>

The status of implementation as per our current business plan is as follows:

No.	Activity	Start Date	Completion Date
1	Civil and Structure Work	Already started	June, 2010
2	Electrification	January, 2010	March, 2010
3	Orders of Machines & Equipments	Already started	February, 2010
4	Arrival of Machines & Equipments	Already started	May, 2010
5	Trial Run and Commercial operations of Machines & Equipments	July, 2010	August, 2010

## II. Financing of our incremental Working Capital requirement:

Tarapur Transformers Limited is currently engaged in the areas of manufacturing, rehabilitation, up-gradation, and refurbishment of power & distribution transformer, Industrial Transformer, Furnace Duty Transformer, Electric Locomotive Transformer, Electric Traction substation Transformer, Dry type transformer, Potential Transformer, Special purpose transformers.

The net sales for the financial year ended 31<sup>st</sup> March, 2009 was at Rs. 2401.03 Lakhs as against the total of Rs. 1064.80 Lakhs for the fiscal 2008 with an increase of 125.49% and such increase was attributed to continuing marketing efforts.

Our anticipated business growth, mainly from the area of power transformer where our major customers are SEBs would push up the working capital on account of longer credit period to be offered to our clients, higher inventory level and miscellaneous current assets. As per our internal estimate, the incremental requirement for the working capital would be Rs. 1635.18 Lakhs for Fiscal 2011 and Fiscal 2012, which we plan to finance accordingly:

- (A) Cash Credit Facility: We have a cash credit facility sanctioned by Bank of Baroda on 7<sup>th</sup> September, 2009 to the tune of Rs. 1200 Lakhs. At the end of fiscal 2009, we had availed Rs. 302 Lakhs from Indusind Bank. We estimate that Rs. 228.82 lakhs will be utilized to meet the incremental working capital requirement for Fiscal 2010. We intend to utilize remaining Rs.669.18 lakhs towards incremental working capital requirements for Fiscal 2011.
- (B) Issue Proceeds: We intend to utilize Rs. 700 lakhs and Rs. 100 lakhs towards the incremental working capital requirements for Fiscal 2011 and 2012.

The company has estimated the working capital requirement, which is as under:

(Rs. In Lakhs)

Particulars		Basis (months)	Amount (Fiscal 2011) Estimated	Basis (Months)	Amount (Fiscal 2012) Estimated
Inventories	Raw Material	0.69	775	1.28	1151
	WIP	2.07		1.41	
	Finished Goods	0.23		0.23	
Debtors		5.36	1911	4.99	2714
Cash & Bank			257		260
Loans & Advances			1001		747
<b>Total (A)</b>			<b>3944</b>		<b>4872</b>
<b>Less:</b>					
Creditors		1.48	375	1.48	525
Expenses Payable			36		32
Other Liabilities payable within one Year			306		612
Provisions for Taxes & Dividend			253		463
<b>Total (B)</b>			<b>970</b>		<b>1632</b>
<b>Net Working Capital C-(A-B)</b>			<b>2974</b>		<b>3240</b>

The working capital requirement of the company as per the latest audited annual accounts i.e. fiscal 2009 is 1604.82 lakhs. The working capital of Fiscal 2011 has been assessed at Rs. 2974 Lakhs. The company will be required to infuse additional working capital in the fiscal 2011 to the tune of Rs. 1369.18 Lakhs. The total working capital requirement of company would be Rs. 3240 Lakhs in fiscal 2012 entailing infusion of additional working capital funds of Rs. 266 Lakhs. The funding pattern of the incremental working capital is tabled as below:

Particulars	Fiscal 2011	Fiscal 2012
<b>Incremental Working Capital</b>	<b>1369.18</b>	<b>266</b>
<b>Funding Pattern (Incremental):</b>		
Proceeds from the public Issue	700	100
Proceeds from fund based facility	669.18	Nil
Own Funds including internal accruals already in the system	-	166

### **Justification of Holding Level**

- **Raw materials: -**

The level of raw material holding for the Fiscal 2009 is at 2.37 month while we have estimated the same 0.69 month in fiscal 2011 and 1.28 month in Fiscal 2012. The level of estimation is comparatively lower in the future taking in to account the faster production cycle after entire infrastructure is in place.

- **Stock in process:**

Stock in process level is at 1.61 month for Fiscal 2009, which is in line with the time taken for production, testing and packaging of transformers. While the same has been estimated by us at 2.07 month in fiscal 2011 and 1.41 month in Fiscal 2012.

- **Finished goods:**

The level of finished goods is at 0.30 month for Fiscal 2009. It is estimated to be maintained at a level of 0.23 month for Fiscal 2011 and 0.23 month for Fiscal 2012 and this level assumed is considered satisfactory.

- **Receivables:**

The level of receivables for the current Fiscal 2009 is at 5.33 month. It is estimated to be maintained at a level of 5.36 month for Fiscal 2011 and 4.99 month for Fiscal 2012 and this level assumed is considered satisfactory as our major customer include SEBs and they avail longer credit period and pushes up the working capital.

- **Creditors:**

Actual level of creditors as at 31.03.2009 is 2.24 month. As against the same, creditor levels for subsequent financial year are estimated at 1.48 month for Fiscal 2011 and Fiscal 2012 as well. The Company has estimated to avail shorter credit period from its creditors to avail cash discounts and increase its margin level.

### **III. To finance the marketing and brand development expenses**

Going forward, in order to establish our brand name and to carve a niche in the transformer industry, our company intends to deploy Rs. 200 Lacs out of net proceeds, as detailed in following table:

Sr. no.	Particulars	Amount (Rs. In Lakhs)
1	Print Media	50.00
2	Outdoor Media	40.00
3	Indoor Branding	40.00
4	Trade Shows & Exhibitions	50.00
5	Direct Mailing	10.00
6	Contingency	10.00
	<b>Total</b>	<b>200.00</b>

We believe our proposed brand development exercise, as detailed above, will create a positive impact on our brand awareness and brand recall.

### **IV. To finance the acquisition in order to diversify**

Going forward, Company is considering to finalize the acquisition deal(s) in order to diversify in to the allied sectors by acquisition of control. This will give the company a competitive edge over its competitors. However as we operate in extremely competitive environment, hence in the interest of the company we are not able to disclose the details of the company to be acquired as sharing of information publicly may dent to our acquisition plans.

### **V. General Corporate Purpose**

Our Company in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net proceeds of this issue aggregating [•] lakhs, for general corporate purpose

towards, financing normal capital expenditure, strategic initiatives, expanding into new geographies, pre-operative expenses, brand building exercise and strengthening our marketing capabilities.

#### VI. Issue Expenses

The total estimated expenses are Rs. [•] lakhs which is [•] % of Issue Size. The details of Issue expenses are tabulated below:

(Rs. In lakhs)				
No.	Particulars	Amount	% of Total Issue size	% of Issue Expenses
1	Issue Management Fees	[•]	[•]	[•]
2	Registrars fees	[•]	[•]	[•]
3	IPO Grading Expenses	[•]	[•]	[•]
3	Fee for Legal Counsel	[•]	[•]	[•]
4	Printing and Distribution of Issue Stationery	[•]	[•]	[•]
5	Advertising and Marketing expenses	[•]	[•]	[•]
6	Other expenses (stamp duty, initial listing fees, depository fees, charges for using the book building software of the exchanges and other related expenses)	[•]	[•]	[•]
7	Contingencies	[•]	[•]	[•]
	<b>Total</b>	[•]	[•]	[•]

#### Proposed year-wise deployment of funds:

The overall cost of the proposed Project and the proposed quarter wise break up of deployment of funds are as under:

(Rs. In Lakhs)

Particulars	Already Incurred	FY 2009 - 10 (Quarter-4)	FY 2010 - 11	FY 2011 - 12	TOTAL
Expansion and Modernization of Pali Unit	940.90	150.00	2073.56	250.00	3414.46
Financing Working Capital Requirement	Nil	Nil	700.00	100.00	800.00
Marketing and Brand development expenses	Nil	Nil	200.00	Nil	200.00
Acquisition of business	Nil	Nil	2500.00	Nil	2500.00
General Corporate Purpose	Nil	[•]	[•]	[•]	[•]
Issue Expenses	11.63	[•]	[•]	[•]	[•]
<b>Total</b>	<b>952.53</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

#### Details of funds already deployed till date and sources of funds deployed

The funds deployed up to 15<sup>th</sup> November 2009 pursuant to the object of this Issue on the Project as certified by the Auditors of our Company, viz. Raman S. Shah & Associates Chartered Accountants pursuant to their certificate dated 16<sup>th</sup> November, 2009 is given below:

(Rs. in Lakhs)

Deployment of Funds	Amount
Project related (For Expansion & Modernization of Pali Unit)	940.90

<b>Deployment of Funds</b>	<b>Amount</b>
Issue Related Expenses	11.63
<b>Total</b>	<b>952.53</b>

(Rs. in Lakhs)

<b>Sources of Funds</b>	<b>Amount</b>
Internal Accruals	11.63
Bank Finance	940.90
<b>Total</b>	<b>952.53</b>

#### **Appraisal by Appraising Agency**

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

#### **Shortfall of Funds**

Any shortfall in meeting the Project cost will be met by way of internal accruals and/ or through additional funding by banks and/ or unsecured loans.

#### **Interim Use of Funds**

We in accordance with the policies established by the Board, will have flexibility in deploying Issue proceeds received by us from the Issue. The particular composition, timing and schedule of deployment of the Issue proceeds will be determined by us based upon the deployment of the projects. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures.

#### **Monitoring of Utilization of Funds:**

As the Net Proceeds of the Issue will be less than Rs. 50,000 Lakhs, under the SEBI Regulations it is not mandatory for us to appoint a monitoring agency.

Our Company undertakes to disclose the utilization of proceeds in its financial statements. We will disclose the utilization of Issue proceeds under a separate head in our Company's financial statement for fiscal 2011, 2012 & 2013 clearly specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreement with the Stock Exchanges.

According to Clause 43A of the Listing Agreement, We shall furnish to stock exchange on a quarterly basis along with the quarterly results under clause 41 of the listing agreement, a statement indicating the material deviations in the use of proceeds of the Issue from the object of issue as indicated on page 43 of this DRHP. The information shall be published in the newspapers and also be available for publicly dissemination on the website of stock exchange & our Company.

According to Clause 49 of the Listing Agreement, Our Company shall on a quarterly basis along with the quarterly results under clause 41 of the listing agreement disclose to our Audit Committee the statement of uses / application of funds (bifurcating in to major category heads) raised through this Issue and also a statement indicating the material deviations in the use of proceeds of the Issue from the object of issue as indicated on page 43 of this DRHP. Audit Committee shall review these statements and shall accordingly make the appropriate recommendations to our Board.

No part of the proceeds of this Issue will be paid as consideration to our Promoters, directors, key managerial employees, or companies promoted by our Promoters."

## BASIS FOR ISSUE PRICE

The issue price will be determined by our Company in consultation with the BRLMs based on assessment of market demand for the Equity Shares offered by way of book building.

*Investors should read the following summary with the Risk Factors included from page 10 and the details about our Company and its financial statements included on pages 61 and 113 respectively in this Draft Red Herring Prospectus. The trading price of the Equity Shares of our Company could decline due to these risks and you may lose all or part of your investments.*

### Qualitative Factors:

- Our Promoters have experience in the Transformer industry.
- Our Company is presently having existing client base for our operations. Hence, we are in a position to leverage on existing client base to achieve further growth in the business.
- Our Company has diversified experience in manufacturing & repairing of Power & Distribution Transformers, Industrial Transformation, Furnace Duty Transformers, Electric Locomotive Transformers, Electric Traction Substation Transformers, Dry Type Transformers, Potential Transformers, and Special Purpose Transformers.
- Our Promoter i.e. Bilpower Limited is engaged in manufacturing of electrical Lamination (Cold Rolled Grain Oriented - Silicon based for transformer Industry), which acts a major raw material in manufacturing of Transformers. This enables not only the timely availability of raw material thereby reducing the holding cost of raw material and also the proximity of location of Bilpower unit & our Pali unit makes the transportation cost negligible and give us a scope for competitive pricing of our products.
- Existing profit making company & dividend paying company.
- One of the few organized players in the transformer segment
- Well-positioned to move up the value chain to manufacture power transformers
- Experience in designing various types of transformers at optimal costs

### Quantitative Factors:

Information presented in this section is derived from the restated financial statements certified by the Statutory Auditors of the Company.

#### 1. Adjusted Earning Per Equity Share (EPS) (On Rs. 10 per share)

Year	Earning per Share (Rs.)	Weight
FY 2006-07	0.05	1
FY 2007-08	1.50	2
FY 2008-09	2.15	3
<b>Weighted Average</b>	<b>1.58</b>	
Audited 5 months ended 31 <sup>st</sup> August, 2009*	0.75	

\* The EPS is actual and if annualized EPS works out to Rs. 1.80 per share.

- The Earning per Equity Share has been computed based on adjusted Profits & Losses for the respective years/periods after considering the impact of accounting changes and prior period adjustments/regroupings pertaining to the earlier years.

- EPS Calculations have been done in accordance with Accounting Standard 20-“Earning per Share” issued by the Institute of Chartered Accountants of India
- The denominator considered for the purpose of calculating earning per share is the weighted average number of Equity Shares outstanding during the period.

2. Price / Earning Ratio (P/E) in relation to the Issue Price [•]

- Based on fiscal year as on 31<sup>st</sup> March, 2009 EPS is Rs. 2.15
- Based on weighted average EPS is Rs. 1.58
- Based on five (5) months ended 31<sup>st</sup> August, 2009 EPS is Rs. 0.75

Particulars	At the lower band of Rs. [•] Per Equity Share	At the upper band of Rs. [•] Per Equity Share
Based on 31 <sup>st</sup> March, 2009 EPS Rs. 2.15	[•]	[•]
Based on the weighted average EPS Rs. 1.58	[•]	[•]
Based on five (5) months ended 31 <sup>st</sup> August, 2009 EPS Rs. 0.75	[•]	[•]

3. Return on Net Worth

Year	RONW (%)	Weight
FY 2006-07	0.40	1
FY 2007-08	9.29	2
FY 2008-09	10.99	3
<b>Weighted Average</b>	<b>8.66</b>	

4. Minimum RONW to maintain the Pre-issue EPS is [•]
- At the Floor price of Rs. [•] per share is \_\_\_\_%
  - At the Cap price of Rs. [•] per share is \_\_\_\_%

5. Net Asset Value per Equity Share

	Particulars	NAV (In Rs.)
a)	As on 31 <sup>st</sup> March, 2009	19.60
b)	As on 31 <sup>st</sup> August, 2009	20.50
c)	After Issue	[•]
d)	Issue Price	[•]

6. Peer Group Comparison of Accounting Ratios

Name of Company	Face Value (Rs.)	EPS (Rs.)	P/E Multiple	NAV (Rs.)	RONW (%)
Tarapur Transformers Limited	10	2.15	[•]	19.60	10.99
<b>Peer Group-</b>					
Voltamp Transformers Limited	10	113.40	7.10	261.50	60.50
EMCO transformers Ltd	2	9.00	9	71.40	18.50
Transformers & Rectifiers (India) Ltd.	10	33.50	8.5	189.40	19.50

Source- Capital Market Vol-XXIV/10, dated Jul 13, 2009

7. The face value of our shares is Rs.10/- per share and the Issue Price is of Rs. [●] per share is [●] times of the face value.
8. In order to maintain consistency in the presentation, the face value of the Equity Shares has been taken at Rs. 10/- per Equity Share for the figures depicted in "Basis of Issue Price" above table. Also, the number of shares has been adjusted accordingly.
9. The Issue Price of Rs. [●] has been determined by our Company in consultation with the BRLM and on the basis of assessment of market demand for the Equity Shares through the Book Building Process. BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.

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

### STATEMENT OF TAX BENEFITS

**The Board of Directors,**  
Tarapur Transformers Limited  
J-20, MIDC Tarapur,  
Industrial Area Boisar,  
Thane, Maharashtra,  
India-401506

Dear Sirs,

We Raman S. Shah & Associates are the Statutory Auditors of Tarapur Transformers Limited having its registered office at J-20, MIDC, Tarapur Industrial Area, Boisar, Thane-401506, Maharashtra, India. We hereby certify that under the current tax laws, the following tax benefits inter-alia will be available to the Company and the members of the Company. However a member is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislation may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

As per the existing provisions of the Income Tax Act 1961 and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia be available to Tarapur Transformers Limited and its shareholders.

We believe that there are no special tax benefits available to the Company and its shareholders.

#### **General tax benefits available:**

##### **A. Benefits to the company under Act**

1. Dividends exempt under section 10(34) and 10(35) of the IT Act. Dividend (whether interim or final) received by the company from its investment in shares of another domestic company would be exempted in the hands of the company as per the provisions of section 10(34) read with section 115-O of the IT Act. In terms of section 10(35) of the IT Act, any income received from units of a Mutual Fund specified under section 10(23D) of the IT Act is exempt from tax, subject to such income not arising from the transfer of units in such Mutual Fund.

2. Computation of capital gains Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets except shares held in a company or any other security listed in a recognised stock exchange in India or units of Unit Trust of India ('UTI') or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or UTI or Mutual Fund units specified under section 10(23D) of the IT Act or zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to the company from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to Securities Transaction Tax ('STT').

As per the provisions of section 112 of the IT Act, long-term capital gains other than those covered under section 10(38) of the IT Act are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains other than those covered under section 10(38) of the IT Act arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

However, from Assessment Year 2007-2008, such long-term capital gains will be included while computing book profits for the purpose of payment of Minimum Alternate Tax ("MAT") under the provisions of section 115JB of the IT Act.

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be taxable at the rate of 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

### 3. Securities Transaction Tax

In terms of STT, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder will be chargeable to STT. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognized stock exchange is liable to securities transaction tax @ 0.125% of the value payable by both buyer and seller individually. The non-delivery based sale transactions are liable to tax @ 0.025% of the value payable by the seller.

### 4. Exemption of capital gains arising from income tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising to a company on transfer of a long-term capital asset other than those covered under section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in National Highway Authority of India (NHAI) or Rural Electrification Corporation (REC) notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

5. 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.

6. In accordance with and subject to the provisions of section 32 of the Income tax Act, the Company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the Company, in terms of section 32(1)(iia), shall be entitled to claim Additional depreciation @ 20% of actual cost on new plant and machinery for the period of one year after acquisition on or after 31st March, 2005.

7. In accordance with and subject to the provisions of section 35D of the Income tax Act, the Company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

8. Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 7 years succeeding the year in which the MAT becomes allowable. MAT credit for A. Y. 2010-11 and beyond shall be available for set-off upto 10 years succeeding the year in which the MAT becomes allowable.

9. Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward and set off against any source of income in subsequent AYs, as per section 32 of the Act, subject to the (2) of section 72 and sub-section (3) of section 73 of the Act.

### *Carry forward and Set off of Business Loss*

10. Business losses if any, for any AY can be carried forward and set off against business profits for eight subsequent AYs.

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

12. As per section 71 read with section 74, Short-term capital loss arising during a year is allowed to be setoff against short-term as well as long-term capital gains of the said year. Balance loss, if any, should be carried forward and set-off against short-term as well as long-term capital gains for subsequent 8 years.

13. As per section 71 read with section 74, Long-term capital loss arising during a year is allowed to be setoff only against long-term capital gains. Balance loss, if any, should be carried forward and set-off against subsequent year's long-term capital gains for subsequent 8 years.

## **B. Benefits to the Resident shareholders of the company under the IT Act**

### **1. Dividends exempt under section 10(34) of the IT Act**

Dividend (whether interim or final) received by a resident shareholder from its investment in shares of a domestic company would be exempt in the hands of the resident shareholder as per the provisions of section 10(34) read with section 115-O of the IT Act.

2. Any income of minor children (Maximum two children) clubbed with the total income of the parent under section 64(1A) of the Income Tax Act 1961, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the Income Tax Act 1961.

3. Computation of capital gains Capital assets are to be categorised into short-term capital assets and long-term capital assets based on the period of holding. All capital assets [except shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds] are considered to be long-term capital assets, if they are held for a period exceeding thirty-six months. Shares held in a company or any other security listed in a recognised stock exchange in India or units of UTI or Mutual Fund units specified under section 10(23D) of the IT Act and zero coupon bonds are considered as long-term capital assets, if these are held for a period exceeding twelve months.

As per the provisions of section 48 of the IT Act, the amount of capital gain shall be computed by deducting from the sale consideration, the cost of acquisition and expenses incurred in connection with the transfer of a capital asset. However, in respect of long-term capital gains arising to a resident shareholder, a benefit is permitted to substitute the cost of acquisition/ improvement with the indexed cost of acquisition/ improvement. The indexed cost of acquisition/ improvement, adjusts the cost of acquisition/ improvement by a cost inflation index, as prescribed from time to time.

As per the provisions of section 10(38) of the IT Act, long term capital gain arising to a resident shareholder from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

As per the provisions of section 112 of the IT Act, long-term capital gains [other than those covered under section 10(38) of the IT Act] are subject to tax at a rate of 20% (plus applicable surcharge and cess). However, proviso to section 112(1) specifies that if the long-term capital gains [other than those covered under section 10(38) of the IT Act] arising on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the capital gains computed at the rate of 10% without indexation benefit, then such capital gains are chargeable to tax at the rate of 10% without indexation benefit (plus applicable surcharge and education cess).

As per provisions of section 111A of the IT Act, short term capital gains arising from transfer of short term capital asset, being an equity share in a company or a unit of an equity oriented mutual fund shall be

taxable @ 15% (plus applicable surcharge and education cess), if such sale is entered into on or after October 1, 2004 and the transaction is chargeable to STT.

#### 4. Exemption of capital gain from income-tax

As per the provisions of section 54EC of the IT Act and subject to the conditions specified therein capital gains arising on transfer of a long-term capital asset (other than those covered under section 10(38) of the IT Act) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of such capital gain is invested, the exemption shall be proportionately reduced.

However, if the resident shareholder transfers or converts the notified bonds into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable in such year. The bonds specified for this section are bonds issued on or after April 1, 2006 by NHAI and REC. The IT Act has restricted the maximum investment in such bonds up to Rs 5 million per assessee during any financial year.

Further, as per the provisions of section 54F of the IT Act and subject to conditions specified therein, long-term capital gains (other than a capital gains arising on sale of resident house and those covered under section 10(38) of the IT Act) arising to an individual or HUF on transfer of shares of the company will be exempted from capital gains tax, if the net consideration from such shares are used for either purchase of residential house property (subject to prior approval from Reserve Bank of India) within a period of one year before or two years after the date on which the transfer took place, or for construction of residential house property within a period of three years after the date of transfer.

#### 5. Non resident taxation

Under section 115-I of the IT Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XIA of the IT Act viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:

Under section 115E of the IT Act, where shares in the company are acquired or subscribed to in convertible foreign exchange by a non-resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months, will [in cases not covered under section 10(38) of the IT Act], be concessionaly taxed at the flat rate of 10% (plus applicable surcharge and cess) (without indexation benefit but with protection against foreign exchange fluctuation)

Under provisions of section 115F of the IT Act, long-term capital gains [in cases not covered under section 10(38) of the IT Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible foreign exchange will be exempt from income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However, the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

6. In accordance with the provisions of Section 115G of the Income Tax Act 1961, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the Income Tax Act 1961 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 Income Tax Act 1961.

7. In accordance with the provisions of Section 115H of the Income Tax Act 1961, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the Income Tax Act 1961 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.

8. As per the provisions of section 115 I of the I.T. 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 Income Tax Act 1961, 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 Income Tax Act 1961.

#### 9. Tax Treaty Benefits

As per the provisions of Section 90(2) of the Income Tax Act 1961, the provisions of the Income Tax Act 1961 would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

#### D. Benefits to Foreign Institutional Investors ('FII')

1. Dividends exempt under section 10(34) of the Act Dividend (whether interim or final) received by a FII from its investment in shares of a domestic company would be exempt in the hands of the FII as per the provisions of section 10(34) read with section 115-O of the Act.

2. Long term capital gains exempt under section 10(38) of the Act. As per the provisions of section 10(38) of the Act, long term capital gain arising to the FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

#### 3. Capital gains

As per the provisions of section 115AD of the Act, FIIs are taxed on the capital gains income at the following rates:

##### *Rate of tax*

Nature of Income	(%)*
Long Term Capital Gain	10
Short Term Capital Gain	30

\* Plus applicable surcharge and cess

The benefits of foreign currency fluctuation protection and indexation as provided by section 48 of the Act are not available to a FII.

As per the provisions of section 10(38) of the Act, long term capital gain arising to FII from transfer of a long term capital asset being an equity share in a company listed on a recognized stock exchange in India, shall be exempt from tax, if such sale is entered into on or after October 1, 2004, and the transaction is chargeable to STT.

#### 4. Tax Treaty Benefits

As per 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 FII. Thus, an FII can opt to be governed by provisions of the Act or the applicable tax treaty whichever is more beneficial.

#### E. Benefits to the Mutual Funds

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

Dividend (whether interim or final) received by a Mutual Fund from its investment in shares of a domestic company would be exempt in the hands of the Mutual Fund as per the provisions of section 10(34) read with section 115-O of the Act.

##### 2. As per the provisions of section 10(23D) of the Act

Any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or regulations made there under, Mutual Funds set up by public sector banks or public financial

institutions or Mutual Funds authorised by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

#### **F. Benefits to the Venture Capital Companies / Funds**

##### **1. Dividends exempt under section 10(34) of the Act**

Dividend (whether interim or final) received by a Venture Capital Company ('VCC')/ Venture Capital Funds ('VCF') from its investment in shares of another domestic company would be exempt in the hands of the VCC/VCF as per the provisions of section 10(34) read with section 115-O of the Act.

2. In case of a shareholder being a Venture Capital Company/ Fund, as per the provisions of Section 10(23FB) of the Income Tax Act 1961, any income of Venture Capital Companies/ Funds registered with the SEBI, would be exempt from Income Tax, subject to the conditions specified in the said subsection.

#### **G. Benefits under the Wealth Tax Act, 1957**

Asset as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

#### **H. Benefits under the Gift Tax Act**

As per section 56 (2) (vi) any gift received in money, the aggregate value of which exceeds Rs. 50,000/- is received without consideration, the whole of the aggregate value of such sum will be chargeable to tax. As per newly inserted section 56 (2) (vii) value of sum of money / immovable property/ movable property received without consideration or for inadequate consideration is in exceed of Rs. 50,000/- than the whole of the aggregate value of such sum will be chargeable to tax with effect from Dt: 01.10.2009.

#### **Notes**

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2009 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.

4. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

5. Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

**Place: Mumbai**  
**Date: 15/10/2009**

**FOR Raman S. Shah & Associates,**  
**Chartered Accountants**

Sd/-  
CA Raman S. Shah  
(Partner)  
Membership No: 33272

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

**Disclaimer:** Pursuant to the requirements of the SEBI Regulations, the discussion on the business overview in this Draft Red Herring Prospectus consists of disclosures pertaining to industry grouping and classification as per our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Draft Red Herring Prospectus could be trademarks, brand names and/or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Draft Red Herring Prospectus is only for the purpose of describing the products.

The information presented in this section has been obtained from publicly available documents from various sources including officially prepared materials from the Government of India and its various ministries, industry websites and from publications and company estimates. Industry websites and publications generally state that the information contained 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 this Draft Red Herring Prospectus is reliable, these have not been independently verified.

#### The Indian Power Structure

##### Background

Power is a critical component of any economy's infrastructure without which its development and growth is a big hindrance. An economy's growth, development and ability to handle global competition, all depends on the availability, reliability and quality of the power sector.

##### Segments of the industry

The Power Industry constitutes the following segments:

- Power Generation
- Power Transmission
- Power Distribution

##### Power Generation

The total electricity generation in the country increased from 420.6 Billion Unit (BU) during 1997-98 to 723.794 BU during 2008-09. The overall electricity generation in power utilities in the country as well as import from Bhutan since the beginning of 9th Plan was as under:

Year	Generation (BUs)
1997-98	420.60
1998-99	448.40
1999-00	480.70
2000-01	499.50
2001-02	515.20
2002-03	531.60
2003-04	558.30
2004-05	587.40
2005-06	617.50
2006-07	662.40
2007-08	704.50
2008-09	723.80

##### Power Transmission

Transmission projects continue to be accorded a high priority in the context of the need to evacuate power from generating stations to load centres, system strengthening and creation of National Grid.

Ministry of Power has planned to establish the requisite transmission capacity in the central sector to match the generation capacity addition and encourage inter-State/inter-regional exchange of power to mitigate the situation of surplus/deficit of power in various regions.

#### **Power Distribution**

The Ministry of Power took various initiatives towards reforms and other policy measures for helping the state power Utilities to bring improvement in their efficiency towards bringing about commercial viability in the power sector. Some of the major initiatives were establishment of regulatory mechanism at central and state level, restructuring of the state power Utilities, metering of feeders & consumers, energy accounting & auditing, securitization of outstanding dues of CPSUs. Ministry of Power signed the MOU with states to undertake distribution reforms in time bound manner. 27 states, so far have either constituted or notified their regulatory commission and 22 have issued tariff orders in the direction of rationalizing the tariffs. Now the states are moving towards Multi-Year Tariff, Time of Day Metering and intra state availability based tariff. 15 SEBs / Electricity Departments have been unbundled & corporatised. All the states have securitized their outstanding dues towards CPSUs. Electricity Distribution has been privatized in Delhi and Orissa. At national level 98%, feeders and 88% of the consumers have been metered so far. 100% feeder metering have been achieved in 20 States.

#### **ACCELERATED POWER DEVELOPMENT AND REFORMS PROGRAMME :( APDRP)**

The Accelerated Power Development Reforms Programme (PADRE) was launched in 2002-03 for implementation in 10th Plan as additional central assistance to the states for strengthening and up gradation of sub-transmission and distribution systems of high-density load centres like towns and industrial areas.

The main objectives of the programme were to reduce AT&C loss, reduction of commercial loss and improve quality and reliability of supply.

#### **The Programme has two components:**

**Investment component-** Central Government provides assistance to the tune of 25% and 90% of the project cost in the form of grant to Non-special category and Special Category states respectively. Balance amount to be arranged from Financial Institutions / own resources.

#### **The status as on 31st March 2009:**

No of projects sanctioned	571
Total project Cost	Rs. 17,033.58 Crores
APDRP (GOI) Component	Rs. 8,720.07 Crore
Total fund released by GOI	Rs. 7,646.35 Crore
C/Part drawn from Fls	Rs. 6,711.80 Crore
Total fund utilized	Rs. 13,923.10 Crore

Earlier, Government was providing 10% loan to special category and 25% to Non-special category states in addition to the grant as mentioned above. However, as recommended by the 12th Finance Commission, the loan component has been discontinued by the Ministry of Finance w.e.f. 2005-06. Funds are released by Ministry of Finance, Government of India under the advice from Ministry of Power in three installments progressively based on implementation progress. Except Jammu & Kashmir, all States have completed or short closed the APDRP schemes sanctioned by GOI.

**Incentive component-** This component is to incentivize the SEBs / utilities to reduce their financial losses. Funds are released to the SEBs for actual cash loss reduction, for every Rs.2 of cash loss reduction Re.1 is given as grant. The cash losses are calculated net of subsidy and receivables. The year 2000-01 has been adopted as the base year.

Although at national level the AT&C loss of state power utilities has not shown much improvement over the past three years. The loss has come down in towns where APDRP has been implemented. Some of the utilities, which adopted various interventions as envisaged under the programme, have shown significant

reduction in AT&C loss. AT&C losses have been brought down below 20% in 215 APDRP towns in the country of which 163 towns have been brought below 15%.

Source: Annual Report: 2008-09: Ministry of Power

**Industry SWOT**

<p style="text-align: center;"><b>Strength</b></p> <ul style="list-style-type: none"> <li>√ Cost competitiveness</li> <li>√ Skilled workforce</li> <li>√ Technical tie up with global players</li> <li>√ Possess capabilities to manufacture higher rating transformers</li> <li>√ Easy access to copper, which is about 20-25% of net sales</li> <li>√ Domestic players prequalified with SEBs</li> </ul>	<p style="text-align: center;"><b>Weakness</b></p> <ul style="list-style-type: none"> <li>√ Dependent on imports of CRGO which is about 25-30% of net sales</li> <li>√ High dependence on government programs to fuel growth</li> <li>√ Highly working capital intensive</li> <li>√ High debtor days in government projects</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>√ Large and growing domestic demand</li> <li>√ Various government programs being undertaken for additional generation capacities</li> <li>√ Huge capex announced by various industries</li> <li>√ Replacement market to supplement demand from fresh installations</li> <li>√ 800kV transformers – new product to the portfolio</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>√ Imports of cheaper variants from China</li> <li>√ Rising raw material prices – CRGO and Copper</li> <li>√ Slowdown in government programs and industrial capex</li> <li>√ Change in technology</li> <li>√ Low capital required to set up a facility which could induce foreign players to enter the market</li> </ul>

Source: India Infoline Research

**Indian Transformer Industry**

A Transformer is a voltage changer, used to either step down or step up power depending on its installation base. There are largely two categories of transformers based on function i.e. power and distribution transformers. Other special transformers that are differentiated on usage include welding, traction, furnace etc. Many players have the capacity to manufacture up to 400kv, however with ultra mega power plants coming up, need for high rating transformers is felt, which has opened doors for 765kv ratings transformers.

A **power transformer** is installed at generation site up to the last substation just before distribution activities commence. This transformer is used to either step up or step down power to match voltage requirements these are oil filled transformers with its range spanning from 11kv - 765kv. Power Transformer would account for about 65-68 % of the total value of the Transformer Industry.

A **distribution Transformer** is used to transfer power from a substation to the final point of consumption. The basic purpose of a distribution transformer is to provide end users with low voltage power. A distribution transformer could either be oil filled or dry type in nature, with range spanning from 1.1 to 11kv. Distribution transformer would account for the remaining 32-35 % of the total value of the transformer.

A **dry transformer** is used where there is a space constraint and higher chances of occurrence of fire. These are mostly used by industrial & corporate clients at software parks, hotels, hospitals, high rise buildings etc. These transformers are categorized as distribution transformers due to their nature of operation, i.e. at end users locations.

In India many players belong to the unorganized segment of the Industry and cater to small ratings distribution transformer demand. This is due to lack of infrastructure testing facilities, and technical skill sets available with them. However, over a period of time many of these small players moved up the value chain and graduated to the higher rating transformers. Despite this the number of players qualified for the larger variants of transformers is still small to serve upcoming demand expected over the forthcoming years.

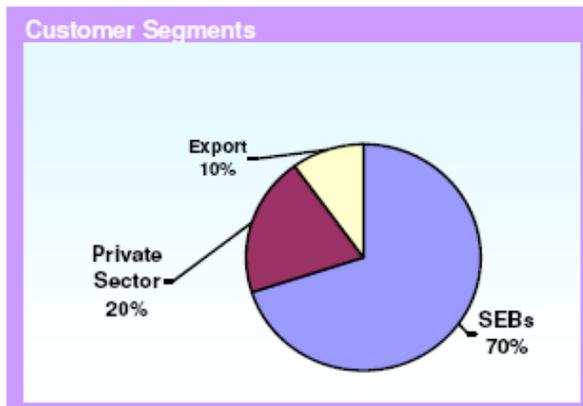
The Indian Transmission sector consists of three levels: interstate transmission, sub transmission and Primary transmission. These three segments are classified based on their voltage class; interstate transmission ranges from 220-765kv, sub transmission ranges from 33-220kv and below 33Kv represents

primary transmission.

Source: Companies, India Infoline Research

### Market Profile

The overall transformer demand originates from three segments. A large portion of transformer demand in the range of 60-70 per cent comes from SEB's. Another 20-30 per cent demand comes from private sector including various industries such as steel, aluminum, oil & gas, cement, sugar, engineering, automobiles, mining & minerals, paper pulp, chemical & petrochemical. Exports demand range between 10-15 per cent.

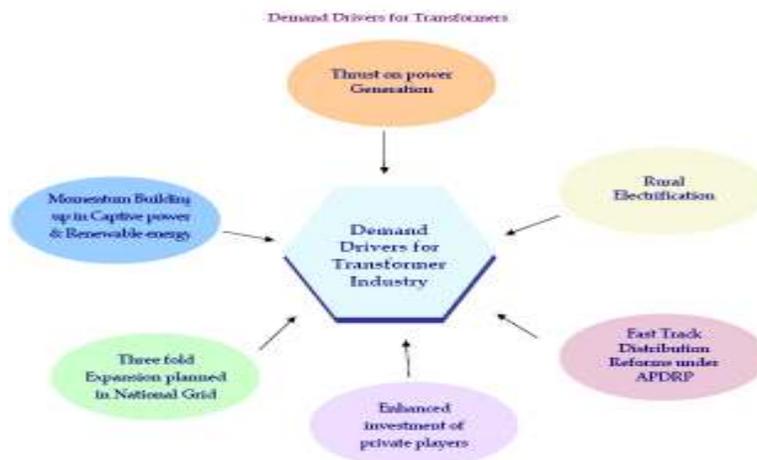


SEB's orders are through tender system and generally come with price variation formula (PVF) taking care of abnormal hike in raw materials prices. PVF is generally based upon monthly price Indices published by IEEMA for various raw materials. Orders from private players as also exports market are through negotiated deal & may or may not carry price revision clause.

Transformer capacity is expressed in terms of Mega Volt Ampere (MVA), which is the load bearing capacity of a transformer. Transformer pricing is also based upon MVA and as such number of units manufactured may give misleading data.

The industry is highly working capital intensive. The tendering process takes minimum two months where in earnest money deposit need to be paid. Average delivery period for Transformers typically ranges between 3 to 6 months, calling for high build up of inventory. The debtors collection cycle is also long around 90-120 days, especially in case of SEB's where collection period is stretched too long.

### Demand drivers for Transformer Industry



Thrust on power generation

The government has set target of adding 100000 MW of power generation capacity by 2012. The capacity addition plan for 11<sup>th</sup> plan is pegged at 67000 MW, up 67 per cent compared to 40000 MW targeted during the 10th plan.

#### **Rural electrification**

- Launched in April 2005 the scheme has target of electrifying 125000 un-electrified villages and giving access to 7.8 crore uncovered rural households in next 5 years at total out lay of Rs 16000 Crores.
- The programme aims at setting up electricity distribution infrastructure: Rural Electricity Distribution Backbone (REDB) with at least a 33/11KV sub-station, Village Electrification Infrastructure (VEI) with at least a Distribution Transformer in a village or hamlet, and standalone grids with generation where grid supply is not feasible.
- 90 per cent Subsidy will be provided through REC which is a nodal agency for implementation of the scheme. Electrification of un-electrified Below Poverty Line (BPL) households will be financed with 100 per cent capital subsidy @ Rs.1500/- per connection.
- Total estimated cost of the scheme is Rs.16000 crore. The Central Government has already approved Rs.5000 crore for this scheme in the 10th Five Year Plan.

#### **Fast Track Distribution reforms under APDRP**

The financial health of State Electricity Boards (SEB's) has become a matter of grave concern considering that their losses had reached an alarming level of Rs.23924 Crores during 2005- 06, which was led by huge A T & C losses of about 32 per cent.

Rs 40000 Crores Accelerated Power Development Reforms Programme (APDRP) had been undertaken from the year 2000- 01 as an effective means for restoring the commercial viability of the Distribution Sector. Of the total outlay Rs 20000 Crore is investment Component & Rs 20,000 Crore is incentive component. During 2002-03 to 2005-06 Rs 7668 Crores has been released as Budget outlay. 29 states have signed MOU for taking up reforms in power sector. 8 states have begun getting incentives under the scheme.

Projects totaling Rs. 19180 Crores have been sanctioned & are under implementation. Schemes undertaken under APDRP are for renovation and modernization of sub-stations, transmission lines & distribution transformers, augmentation of feeders & transformers, feeder and consumer meters, high voltage distribution system (HVDS), consumer indexing, SCADA, computerized billing etc. The visible benefits that accrue instantly under such schemes have prompted more SEB's to take up improvement of distribution systems in a big way. Power Finance Corporation, Rural Electrification Corporation is also providing funds for such projects. Even international funding agencies like World Bank, Japan Bank, Asian Development Bank are investing in such projects of Electricity Boards. This will trigger fast track implementation of projects & higher demand for transformers.

#### **Threefold expansion planned in National Grid**

To support the anticipated increase in generation capacity as also to bridge regional demand supply gap, PGCIL has envisaged to build National Grid by 2012 to evacuate 37150 MW of power compared to 9450 MW now. An investment of about Rs 71000 Crores is envisaged in transmission under central sector, out of which PGCIL has planned to invest about Rs 50000 Crores on its own and the remaining Rs 21000 Crores is expected to be brought in by private investors.

The three fold increase in National power grid will bolster demand for high voltage transformer of 400/765 KV class.

#### **Ultra Mega Power Projects (28000 MW)**

To augment generation capacity on fast track basis, the government announced setting up of 7 ultra mega power projects of 4000 MW each to be commissioned during the 11th Plan (2008-12). Setting up of Ultra mega power projects will necessitate power evacuation over longer distance through High Voltage Distribution System (HVDS).

#### **Momentum building up in Captive Power & Renewable Energy**

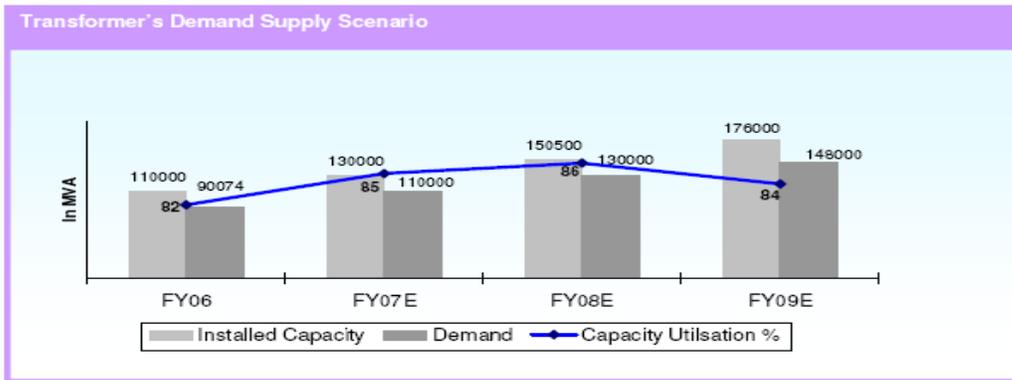
The captive power generation industry grew at a timid pace of 5 per cent CAGR during FY2000 through FY2004, mainly due to low demand led by slow industrial growth. As the manufacturing sector witnessing strong demand growth, many companies have laid plans to set up captive power plants through diverse routes such as naphtha /diesel, hydro, steam recovery, wind power etc. Surplus cash generated from robust earnings, availability of cheap finance, carbon credit and tax incentives act as catalysts for the growing demand for captive power plants. Various state governments have announced attractive

incentive packages including subsidy, buy back of power, banking of power etc. Besides, these being fast track projects can be completed within 6 to 12 months. The growth of Captive power & renewable power plants will propel growth of transformers.

**Enhanced investment of private players**

Private sector constitutes only 12 per cent of the total power generation capacity in India & had no exposure to power distribution. With the passing of the electricity Act 2003 & government’s enabling policies to attract private investment, the private sector is set to play major role in power sector across generation, transmission & distribution segment. Thus investment in power projects will see quantum jump. Besides the execution period will also get shortened. All these will work for power equipments manufacturers both in terms of demand off take as also business environment.

**Demand & Supply of Transformer**



Source: Asian Markets Securities Pvt. Ltd

## OUR BUSINESS

### *Background*

*Tarapur Transformers Limited was originally incorporated on 9<sup>th</sup> day of May 1988 as a Private Limited Company in the Name and Style of "Tarapur Transformers Private Limited". The name of the Company was changed to "Tarapur Transformer Limited" vide special resolution passed by members of the Company in their Extra Ordinary General Meeting held on 10<sup>th</sup> March, 2007 and a Fresh Certificate to this effect was obtained from the Registrar of Companies, Maharashtra on 27<sup>th</sup> March 2007.*

*Tarapur Transformers Limited was initially promoted by Praful Dharia, Rajesh Kumar Shah, Praful Shah. In year 2006-2007 Bilpower Limited and its promoters acquired the entire voting rights in the Company followed by change in control and thus Bilpower Limited became the promoter of our Company.*

Our Company is currently engaged in the areas of manufacturing, rehabilitation, up-gradation, and refurbishment of transformers ranging from power & distribution transformer, Rectifier Transformer, Furnace Duty Transformer, Electric Locomotive Transformer, Electric Traction substation Transformer, Dry type transformer, Potential Transformer, Special purpose transformers. We are one of the players in Indian markets manufacturing & repairing of power & distribution transformers, focusing on quality, timely delivery and customization based on our engineering capabilities without any third party collaboration or technical assistance.

We manufacture Transformers up to 220 KV class, having an installed capacity of manufacturing of 1839.40 MVA & repairing of 1800 MVA per annum.

We currently operate through three manufacturing units located at MIDC, Boisar, Tarapur Industrial Area village Pali, At & PO - Posheri Taluka - Wada and L/25/5, GIDC Industrial Estate, Por- Ramnagamdi, Vadodara. Our Boisar unit mostly undertakes the repairing & refurbishment, rehabilitation & up gradation of transformers with the installed capacity of 600 MVA for manufacturing and 1200 MVA for repairing of transformers per annum. Our Pali unit is equipped with modern state of art infrastructure facilities & technology, which can undertake the manufacturing of 1200 MVA for manufacturing and 600 MVA for repairing of transformers per annum. Our Vadodara unit is engaged in manufacturing of Current Transformers Potential Transformer normally called as CTPT and Distribution Transformers ranging from 10 KVa/11Kv to 100KVa/11Kv with installed capacity of 39.40 MVA per annum.

Our Promoter i.e. Bilpower Limited is engaged in manufacturing of electrical Lamination (Cold Rolled Grain Oriented - Silicon based for transformer Industry), which acts as major raw material in manufacturing of Transformers. This helps our procurement of raw material in a timely and efficient manner. Further to this, the proximity of location of Bilpower unit & our Pali unit makes the transportation cost negligible & carves a niche for ourselves for better pricing of our products.

Our core competencies are our in-house technical and design knowledge, skilled workforce and well-equipped manufacturing facilities, which enables us to manufacture a wide range of transformers, to meet diverse client requirements.

### *Our Competitive Strengths*

We believe that we are well positioned to sustain and strengthen our position in the markets in which we compete as well as to exploit significant growth opportunities that exist. We believe the following, among others, are our principal strengths:

#### *Experience in designing transformers at optimal costs:*

Price of a Transformer is dependent on cost of raw material procured; The Transformers repaired & manufactured by our company are cost effective, due to in-house procurement of key raw material from our promoter company - Bilpower Ltd., which is situated near to our Pali and Boiser units. This reduces transportation cost of procuring the raw material and also our Company gets its major raw material on timely basis which saves our interest cost. This exploitation of forward and backward linkage reduces the cost of our transformers by approximate 10% to 15% in comparison to other players in the industry

#### *Research & development and designing capabilities:*

Due to very existence in the Industry for past 21 years, our company has developed its brand on technical front. Our company has developed state-of-the-art Quality Control and in-house R&D Department. Our Company has already developed technology in the field of manufacturing, upgrading, rehabilitation, and life extension of transformers of high rating.

**Competent Technical Personnel:**

Repair & Manufacture of efficient transformers require efficient technical personnel. Our Company is well equipped with team of skilled operators qualified to handle processes efficiently. Our Company possesses a team of experienced, trained & qualified personnel dedicated to Research & Development center that also takes care of total quality management systems.

**Leveraging the experience of our Promoter Bilpower Limited:**

Our Promoter Company i.e. Bilpower Limited, has presence in the Industry for past 20 years, has developed good clientele base, technical expertise & has become a specialized player in manufacturing of transformer cores & lamination and subsequently it has moved up the value chain by foraying into manufacturing of Stamping for Rotating Machines.

**Ability in customization to suit the demand from low, medium, and high capacity transformers:**

Our Company caters to specific customer requirements, by providing with tailor made transformers as per the design and specifications required by the Customers.

**Wide product portfolio and ability to cater to diverse needs of markets:**

Our product portfolio ranges from Power & Distribution Transformers, Rectifier Transformers, Furnace Duty Transformers, Electric Locomotive Transformers, Electric Traction Substation Transformers, Dry Type Transformers, Potential Transformers and Special Purpose Transformers in both repairing & manufacturing segment, thus catering to diverse needs of markets.

**Location advantage of the Unit:**

Our Company is having a unit at MIDC, Boisar Tarapur Industrial Area, where it has full fledged infrastructural facilities for repair of Power transformers of 220 KV Class. Our Company is also having a unit at Wada (at Village - Pali) for manufacturing of Power Transformers, which is situated in backward area under D-Zone & enjoys the consequent benefits, thus lowering cost of manufacturing of Transformers.

**Our Manufacturing Units**

**Pali Unit**

Our Pali Unit is situated at 141, Manor Road, Village Pali, PO-Posheri, Taluka-Wada, Dist-Thane with total Plot Area - 62726 Sq. Meter and Factory Shed area of 29792 Sq. Ft. The factory premise of our Pali unit is owned by us.

Stated below are the brief details of some of the major equipments utilized at our Pali Unit

Name of Equipment	No of Machines	Capacity	Utility
Coil winding Machines and Formers	4 Machines and 8 Formers	up to a capacity of 6 tons	For transformer coil winding
Coil compression facilities	2	Up to capacity of 200 MT	For coil processing and assembly
Vacuum Oven fitted with Roots Blower, control Panel, chilling plant, Thermopac with pumps & piping and Cooling tower	1	400 kw heating and vacuuming	To completely dry the core coil assembly before tanking
Electric Oven	1	48 kw heating Air circulating type	To pre dry the coil assembly
Oil Filtration Machines	2	Up to 6000 Ltr. /Hr.	To Filter the Oil received in tankers to

Name of Equipment	No of Machines	Capacity	Utility
			achieve break down voltage of oil
E O T Cranes	5	Up to 100 tons	For material handling in different sections of production department
Testing Transformers and Generating Sets	3	Variety	To test the transformers
Distribution Transformers	1	500 KVA	To step down electricity received from Maharashtra State Electricity Board
DG Set	1	100 KVA	To Generate Electricity in case of emergency

- **Boisar Unit**

The Company has a manufacturing facility at J-20, MIDC Tarapur Industrial Area, Boisar, and Dist- Thane. The manufacturing facility at Boisar is set up on an area measuring 2100 square meters of land, Approx. 22604 Sq. Ft constructed area of approximate 16146 Sq. Ft, which is taken on lease for 95 years from MIDC.

The Unit being located at Boisar is well connected with Highways connecting major cities. The unit being at premise of MIDC, which is an Industrial hub, unit enjoys certain exemptions, infrastructure facilities available at subsidized rate.

Stated below are the brief details of some of the major equipments utilized at our Boisar Unit

Name of Equipment	No of Machines	Capacity	Utility
Coil winding Machines	4 Machines	up to a capacity of 5.50 tons	For transformer coil winding
Vacuum Oven fitted, with chilling plant and Vacuum pumps	1	200 kw Heating and vacuuming	To completely dry the core coil assembly before tanking
Electric Oven	1	48 kw heating	To pre dry the Coil assembly
Oil Filtration Machines	2	Up to 6000 Ltr. /Hr.	To Filter the Oil received in tankers to achieve break down voltage of oil
Main Crane	1	Up to 100 tons	For Transformer handling in different sections of production department
Small Cranes	3	Up to 10 tons	For material handling in different sections of production department
Testing Transformers and Generating Sets	3	Variety	To test the transformers
DG Set	1	62.5 KVA	To Generate Electricity in case of emergency

## Vadodara Unit

The Company also has a manufacturing facility at L/25/5, GIDC Industrial Estate, Por- Ramnagamdi, Vadodara. The manufacturing facility at Vadodara is set up on an area measuring 144.67 square meters of land, constructed area of 108.90 square meters that is taken on lease for 99 years from GIDC.

Our Company acquired entire proprietorship business of M/s. Varsha Engineers with effect from 1<sup>st</sup> April, 2007 and entered into a Memorandum of Understanding with Manjulata Choudhary (proprietor of M/s. Varsha Engineers) on 11<sup>th</sup> March, 2007. As a full and final consideration of this acquisition, the Company issued 1,00,00,000 equity shares of Rs. 2/- each to Manjulata Choudhary. These shares were allotted on 17<sup>th</sup> March, 2008. By way of this arrangement, the Company was entitled to all the assets, liabilities, rights, duties, obligations, licenses amongst others. By virtue of this arrangement, M/s. Varsha Engineers is now under the flagship of Tarapur Transformers Limited as Vadodara Unit.

Our Vadodara Unit is engaged in manufacturing of Current Transformers Potential Transformer normally called as CTPT and Distribution Transformers ranging from 10KVa/11Kv to 100Kva/11Kv. CTPT is used for measurement of power supplied through high voltage cables. Distribution Transformers are used for distribution of power. Our Company supplies these CTPT and distribution transformers to various electricity boards in Gujarat and Rajasthan.

Our Company caters to the demand of various electricity boards and during the fiscal 2009 the Company has sold a total of 656 CTPT and 2325 Distribution Transformers to these electricity boards.

Stated below are the brief details of some of the major equipments utilized at our Vadodara Unit

Name of Equipment	No of Machines	Capacity	Utility
Drying Oven	1	48 KW	Drying of insulation
Winding Machines	4	Up to 500 Kgs	For transformer coil winding
EOT Cranes	1	2 Tones	For material handling in different sections of production department
Oil Filter machine	1	120 GPH	To Filter the Oil received in tankers to achieve break down voltage of oil
Oil Storage Tanks	1	5 KL	For Storage of transformers oil

Photo of the units:

Unit at Boisar



## Unit at Pali

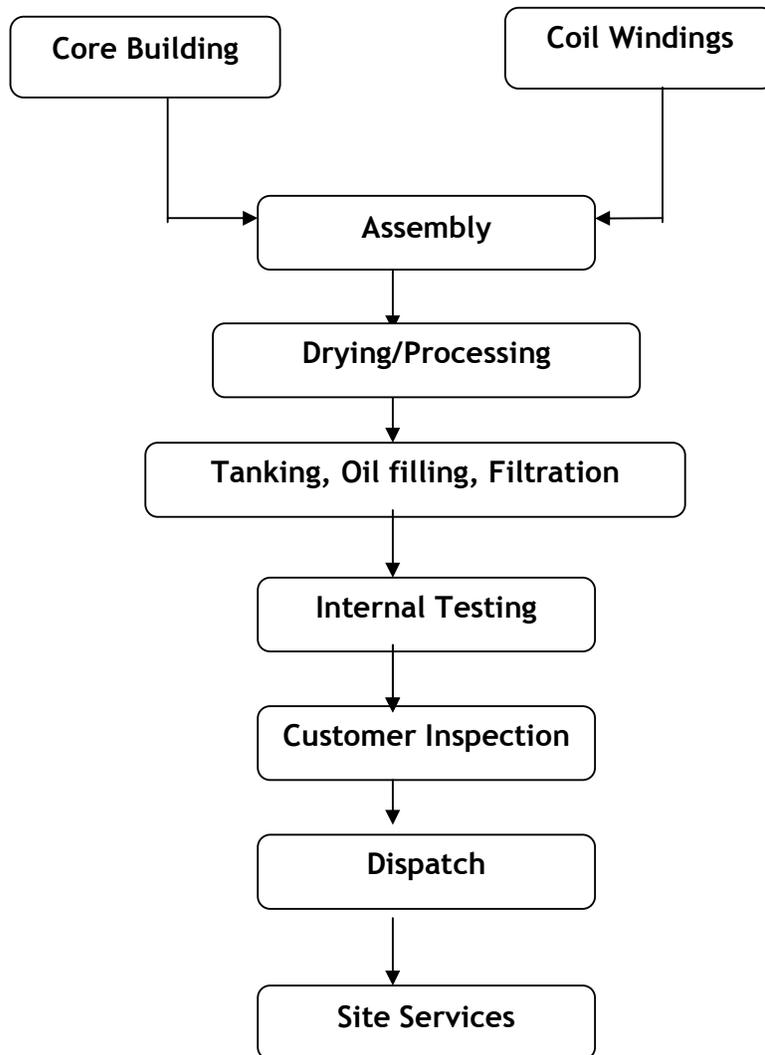


### Preventive Maintenance-

All Equipments such as EOT Cranes, Winding machines, vacuum and electricity ovens, oil filter machines, material handling equipments, D.G. Sets and testing equipments etc undergo periodic preventive maintenance as per schedule.

## MANUFACTURING PROCESS OF TRANSFORMERS

Manufacturing of transformers is covered by the following processes:



### Core Building -

Laminations are cut to size and are assembled piece by piece on M.S. Frames with insulation and built up step by step as per required capacity of transformer and voltage class. All this work is carried out manually with the help of jigs and fixtures tightened and pressed as per specifications.

### Coil Windings -

There are two types of windings, mainly High Voltage and Low Voltage. These windings are wound with electrolytic copper of pure quality ordered to pre-determined size in rectangular sections with insulation covered on bare conductors. Winding is carried out on winding machines with the help of formers. Insulation in the form of cylinders, wedges, and strips are used to form the coil with cooling ducts and thus coils are made.

### **Core and coil Assembly** -

Coils are prepared for lifting and lowered on the core limbs one by one. Prior to carrying out the above operations, bottom of the core is filled up with insulating blocks, rings, etc. Once all are placed on the core, top insulations are filled up with rings and blocks to get the clear height to start top lacing of lamination one by one. Tapping connections and other connections are made and taping is done wherever required. OLTC connections are made and testing is carried out. Core and coil assembly is then sent for drying.

### **Drying/Processing** -

Complete core and winding assembly is placed inside the oven for heating and for vacuuming, removing moisture, for improving resistance values and shrinkage of coils. This process is repeated to get the coil heights specified in the drawings.

### **Tanking, Oil filling and Filtration** -

The activity involves tightening of connections of OLTC, fitting assembly of bushings, and other accessories to prepare the transformer for testing. Testing of tank for pressure test and vacuum test is also done.

Oil is filled into the tank after it is filtered. Insulation break down tests are conducted for values required for different voltage classes and under vacuum. Oil is circulated and core coil assembly heated till optimum IR values are obtained for testing.

### **Internal Testing** -

Transformers are subjected to all routine tests as per IS standards and specifications.

### **Customer Inspection** -

This is the quality control activity to check, supervise, approve the quality of work. It is also the responsibility of the department to see that the work and processes are done as per drawings and specifications laid down by designers and as required by customers.

### **Dispatch** -

Transformers are dismantled and made ready for dispatch. Oil in the tank is drained and nitrogen is filled if it is to be dispatched without oil. All accessories are packed properly in wooden pallets shaped and marked together with proper documentation.

### **Site Servicing** -

This activity is for attending to the site complaints, commissioning and erection, which is one of the scopes for the manufacturers and repairers.

### **Collaborations:**

The Company has so far not entered into any technical or financial collaboration agreement.

### **RAW MATERIAL & OTHER UTILITIES:**

Raw Material required:

Profitability in Transformer Industry is a combination of two critical factors viz design of Transformer with optimum utilization of raw materials, cost of which are generally high.

Raw Material constitutes anywhere between 65- 75 % of net sales with major cost being that of Copper, CRGO, transformer oil and steel and since major customers of transformers being SEBs, hence payments cycle are long resulting in higher working capital requirement.

All the below mentioned raw material components are indigenously available. The material can also be imported under various Govt. Schemes such as Advance License Schemes etc. The combination of local and Import procurement helps the company to source the best quality material at its targeted schedules.

The main raw materials in making of power transformers are -

1. Copper
2. Cold Rolled Grain Oriented Silicon Coated Sheets (CRGO Sheets) (Commercially known as Electrical Lamination / Transformers Core)
3. Transformer Oil
4. Radiators for cooling
5. Others such as Bushings, Temperature Indicators, aluminum etc.
6. Steel for tanks and frames

All the aforesaid raw materials, based on our experience, are normally available, both from domestic and overseas suppliers. However, copper and transformer oil have witnessed significant price fluctuations in the past.

### Copper

Copper constitutes almost 20% to 25% of the total cost of transformer. Most of our copper requirements are sourced from Sterlite Industries and Birla Copper.

### CRGO (Cold Rolled Grain Oriented) Sheets

CRGO sheets are mainly sourced from our Promoter i.e. Bilpower Limited as the same is one of the key manufacturers of the same and their unit is ideally located near our units.

### Transformer Oil

We typically procure transformer oil from Savita Chemicals Limited and Apar Industries Limited.

### Radiators

Radiators are primarily being procured from Vikas Industries.

### Others

Other raw materials / accessories used in the manufacturing process include structural and special graded steel, aluminum, OLTC, Bushings, Magnetic Oil Level Gauge, Flow Meters, Heat Exchangers, Oil Pumps etc.

The key raw materials required and percentage and quantity of input costs to sales revenue based on financial year ended 31<sup>st</sup> March, 2009 are as follows:

Raw Material	Quantity of Consumption	Value (Rs.in Lacs)	Percentage of Input costs (%)
Copper	94.675 MT	364.50	19.40
CRGO	29.130 MT	76.38	4.07
Lamination	403.813 MT	391.90	20.85
Transformer Oil	572418.000 Ltr	238.20	12.67
Radiators	20.00 MT	1.81	0.10
Aluminum	104.589 MT	133.50	7.10
Steel	253.696 MT	94.81	5.06
Others	-	577.67	30.75
<b>Total</b>		<b>1878.77</b>	<b>100</b>

**Utilities:**

**Effluent Treatment:** The manufacturing process does not evolve any significant water, air-based or solid effluents.

**Power and Fuel:** The power is made available by MSEDCL for our Pali and Boisar unit and by Madhya Gujarat Vij Company Limited (MGVCL) for our Vadodara unit. Total power required is estimated 400 kW.

**Water:** Water is not required for the manufacturing process of transformer. It is required only for hygienic purposes. However, the Company has 6" tube wells already constructed within the premises of 15.5 acre land at Wada with 120' bore well facility where it can have 7500 liters /day. There exists a river within the vicinity and the Company has the permission from the concerned authorities for lifting of water from the river, towards which it has installed submergible pumps at the Works. Apart, it has the 10,000 liters capacity of tanks reservoir also.

**Manpower:**

The details of manpower employed (at works) as on 31<sup>st</sup> October 2009 are as under:

Sr. No.	Class / Category	Manpower		
		At Pali Unit	At Boisar Unit	At Vadodara Unit
1	Factory & Production Managers	-	2	-
2	Production, Commissioning & Testing Engineers	3	2	-
3	Supervisors	1	1	-
4	Draughtsman, Stores Officers, Shopflors, Assistants, Clerks	3	3	4
5	Labors	23	28	5
	<b>Total</b>	<b>30</b>	<b>36</b>	<b>9</b>

The details of Manpower (other than works) as on 31<sup>st</sup> October 2009 are as under:

Sr. No.	Class / Category	Present
1	Company Secretary	1
2	HR and Administration Manager	1
3	Marketing Managers	2
4	Assistant /Deputy Managers and Marketing Executives	7
5	Purchase Officers and Assistant	2
6	Accounts Manger and Executive	3
7	Clerks	2
	<b>Total</b>	<b>18</b>

**Major Suppliers:** Since our Company is in the Industry for past 20 years, it has developed direct tie ups with the principal manufactures for procurement of CRGO Material whereas the other major raw material components like electrolytic copper, oils etc are also procured from reputed companies like Hindalco, MMTC, Sterlite Industries, Nalco, Balco, Savita Chemicals, Apar Industries etc. and it has been the policy of the company that it has never bargained on quality issues.

**Major Customers:** Our Company since 1988 has been the registered vendor to various State Electricity Boards all over the Country and is also registered with many Private companies like - Tata Power Limited, Delhi Transco, and Reliance Energy etc. for supply and repair of power transformers.

**Competition:**

The Indian Transformer Industry is quite competitive. The Transformer industry is highly fragmented with large number of players from organized and unorganized players operating. Further the presence of Players in unorganized segment catering to the smaller rating distribution transformer demand, over a

period of time have moved up the value chain and graduated to higher rating transformers, this further increases the level of competition in the Industry for providing much better quality transformer at cost effective prices. Our operations in the Transformer industry also compete with those of other well established players, some of whom have been in operation for a longer period of time than us who have developed Brand Name in the Industry over the years. The Company faces competition not only from Domestic Market but also from International players namely FKI group, GE, Hitachi and Toshiba who have their presence in this space who manufacture cost effective transformer but some large players from china also seeks for venturing in Indian Market to take advantage of high demand thereby increasing the competition.

With the scenario becoming more competitive and many players entering in the Industry SEBs are forced to be more price sensitive. Hence they are subscribing to competitive bidding route.

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 the competitors. Some of our major competitors in the organized sector include Siemens Limited, Bharat Bijlee, ABB Limited, Crompton Greaves Limited, Transformers & Rectifiers (India) Limited, Indo Tech Transformers Limited, and Emco Limited.

#### **Marketing Arrangement:**

Due to our presence in industry since last 20 years, we have established network of clients. We have a set of people who take care of marketing our services to our customers. We also have drawn people with experience in the industry, who are in constant touch with customers to market our services.

At corporate level our marketing activities are looked after personally by our director i.e. Mr. Rajendra Kumar Choudhary who is in charge of entire marketing function. Our marketing team currently comprises of 8 to 10 personnel, with our marketing headquarters at our Registered Office and our marketing personnel are located at Mumbai.

We track the tender information of utility segment through liaison agents, trade magazines and tender information bureau. These tenders are finalized on basis of prequalification criteria, technical evaluation and price. We identify the tenders to be submitted considering the suitability and availability of the required capacity. Our Design department gives inputs with regard to the likely design and corresponding production cost matching with the said design, which forms the basis for our submission of tenders to various customers.

In case of industrial supplies, we submit quotations against the inquiries floated by various potential customers and the orders are finalized based on the negotiations with regard to the terms and scope of supply with the customers.

#### **Quality**

TTL is wholly committed to build and sustain itself as a transformer manufacturing organization where quality shall be the hallmark of every aspect. We possess a fully-furnished quality control lab, which is carefully monitored under the supervision of qualified team. The department of our quality checks consists of competent engineers who are engaged in the inspection process right from procurement of raw materials to final delivery. Our maximum attention is paid to upgrade our skills, quality system and manufacturing facility to achieve consistent product quality and customer satisfaction.

#### **Quality Policy**

We have a highly qualified, motivated, enthusiastic team who is dedicated towards quality. With the help of a systematic process orientation and unwavering and unflinching focus and commitment enables us to turn out products with a guarantee of absolute quality. TTL is dedicated towards total customer satisfaction, timely delivery and optimum cost for manufacture and supply of transformers and coils. TTL is committed to achieve this goal through technological development, training of employees, continual improvement of processes & Quality Management Systems.

**Our quality assurance program involves the following:**

- Calibration of Instruments and gauges
- Implement Quality Management Systems
- Process Capability Study
- Measurement System Analysis
- Maintaining Setup Approvals
- Process Inspection in all stages
- Solving Customer Complaints
- Corrective and Preventive Actions

**Our Existing Products:**

**We are principally engaged in the manufacture and repairing of transformers including the following:**

Classification of transformer	Range	Types
Power Transformer	from 5 MVA to 160 MVA, 220 kV class	Generator Transformer, Unit Auxiliary Transformers, Step up & Step down Transformers, Interconnecting Auto Transformers, Dual Voltage Primary or Secondary Three winding Transformers
Distribution Transformers	160 KVA and above, up to 33 kV class	Earthing Transformers, Three winding Transformers, Step up & Step down Transformers, Dual voltage Primary or Secondary.
Furnace Duty Transformer	105 kA and above	Arc Furnace, Induction Furnace, Laddle Arc Furnace and Submerged Arc Furnace Transformers.

**Export Obligations:**

Currently our company does not have any export obligation but considering demand in countries like England, Canada, United Arab Emirates, South Africa, Saudi Arabia and Indonesia and increasing demand in international market, We are planning to start exports of our product in near future and reduce dependence on domestic market.

**Capacity & Capacity Utilization:**

**For manufacturing of Transformers**

Unit	2008-09		2007-08		2006-07	
	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization
Boisar	600.00 MVA	Nil	400.00 MVA	Nil	Nil	Nil
Wada	1200 MVA	14.5 MVA	1200 MVA	Nil	Nil	Nil
Vadodara	39.40 MVA	39.40 MVA	39.40 MVA	34.70 MVA	39.40 MVA	9.30 MVA

#### For repairing of Transformers

Unit	2008-09		2007-08		2006-07	
	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization	Installed Capacity	Capacity Utilization
Boisar	1200 MVA	206.5 MVA	1200 MVA	360 MVA	1000 MVA	154.50 MVA
Wada	600 MVA	167 MVA	600 MVA	Nil	Nil	Nil
Vadodara	Nil	Nil	Nil	Nil	Nil	Nil

#### Our Business Strategy:

Our strategy is based on available opportunities, trend of market demands and projected growth of the transformer Industry. The important elements of our business strategy going forward are stated hereunder:

***Expanding Product range to focus on higher Kv category transformers and to optimally utilize manufacturing facilities.***

Higher kV category transformers typically command better margins as opposed to lower kV transformers. We are in process of modernizing the facility at Pali by improving the infrastructure at the unit and proposing to install equipments with high capacity for manufacture of transformer of higher Kv class. This will help us in optimizing the existing plant capacities and will also help in better quality product in shorter time span.

***Maintain a judicious balance between power generation, transmission and distribution transformers and industrial transformers.***

We have developed a significant presence in both, power and distribution transformers, and industrial transformers. We intend to maintain a judicious balance between these categories, so that the high-volume power transformers segment can be serviced along with the higher margin industrial transformers.

***Increasing our international market presence***

We are looking to increase our exports, both in terms of quantum and markets, to enhance our international presence and reduce dependence on domestic market. We are also in the process of creating a systematic marketing organization for catering to the export demand once we have adequate capacity available.

#### SWOT

##### Strengths

- Promoter of our Company i.e Bilpower Limited engaged in manufacturing of CRGO a key material for manufacturing of transformers thus reducing the bottleneck in availability of CRGO
- Cost competitive vis-à-vis global producers
- Broad based Industry having proven track record and matured players
- Research and development and designing capabilities to suit the demand from low, medium and high capacity transformers
- Long presence in the industry and good relations with customers and suppliers

##### Weakness

- Capital Intensive Industry
- Over dependence on State Electricity Boards and slow recovery of receivables
- Lack of adequate level of automation in the process of manufacturing leading to higher cost of production.
- Large presence of un-organized small players
- Non-availability of raw material like CRGO indigenously and highly volatile prices of inputs may put margins under pressure.

## Opportunities

- Healthy prospects on the back of thrust on Power generation with expected demand of 500000 MVA of transformers over the next 5 years
- Government's distribution reforms programs will generate incremental demand for transformers.
- Huge exports potential due to cheaper labour cost shift towards high voltage transformer offers scope for value added products and better margins.
- Restructuring of State Electricity Boards and entry of private players in Transmission and Distribution segment will improve the business environment for transformer industry.
- Existing players to benefit due to high entry barriers caused by capital-intensive nature of the industry & spat of approvals required to get an entry into SEB segment.

## Threats

- Excess capacity in the medium term if demand fails to peak up due to delay in power projects.
- Increased competition from Imports as the market expands
- Foreign players from China, Korea, and Japan may look at setting up a transformer plants in India as the Industry enters into a growth phase.

## Property:

The details of Property occupied/owned by the company are as under:

Sr. No.	Particulars	Area	Nature of Ownership
1.	Unit J - 20, MIDC, Tarapur Industrial Area, Boisar, Thane, PIN - 401 506	Land area measuring 2100 square meters	Leasehold for 95 years from Maharashtra Industrial development Corporation (MIDC)
2.	Village Pali, At & PO - Posheri Taluka - Wada	Land area measuring 62726 square meters	Owned
3.	Unit, L/25/5, GIDC Industrial Estate, Por-Ramnagamdi, Vadodara,	Land area measuring 144.67 square meters	Leasehold for 99 years from Gujarat Industrial Development Corporation (GIDC)

In addition to the above, our Promoter i.e. Bilpower limited has permitted us to use their registered office located at 201, Vikas Chambers, Junction of Link & Marve Road, Malad (West), Mumbai-400064, as our Corporate Office vide their rent free certificate dated 1<sup>st</sup> April 2009.

## Purchase of Property:

There is no property which we have purchased or acquired or propose to purchase or acquire, which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material.

Except as stated in the section titled "Related Party Transactions" of page 111 of the Draft Red Herring Prospectus, the Company has not purchased/acquired any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

## Insurance Policies

We maintain insurance for our units, Truck, Motor, Marine policy, which provides insurance cover against loss or damage by fire, explosion, riot and strikes, burglary, theft and robbery, which we believe is in accordance with customary industry practices.

Further, there are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be adequately insured. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

We have taken different insurance policies covering the following

### The Insurance Policy taken for our Unit at Pali

Policy type	Standard Fire and Special Perils Policy
Property insured	Building, Plinth & Foundation, Plant & Machinery, Electrical Installation, Furniture & Fixtures, Office Equipments, Water tank, lifts, tools & Testing Equipments and Computers
Coverage	Fire and Earthquake. Terrorism Excluded, reinstatement Value Policy
Policy no.	140600/11/09/11/00002299
Agency	The India Assurance Company Limited
Sum insured	Rs. 750 Lacs
Total premium (Rs.)	Rs. 17400
From	16/11/2009
Valid up to	15/11/2010

### The Insurance Policy taken for our Unit at Boisar

Policy type	Standard Fire and Special Perils Policy
Property insured	Building including Plinth & Foundation (All civil constructions including compound wall), water tank (under water as well as overhead), water pumps, lifts, electrical equipment including cables, security office & all other erected civil structures defined. Plant & Machineries including accessories. Furniture, Fixtures & Fitting. All office Equipments
Coverage	Fire and Earthquake. Terrorism Excluded, reinstatement Value Policy
Policy no.	140600/11/09/11/00001723
Agency	The New India Assurance Company Limited
Sum insured	Rs 810.00 Lacs
Total premium (Rs.)	Rs. 46234.00
From	26/07/2009
Valid up to	25/07/2010

### The Insurance Policy taken for our Unit at Vadodara

Policy type	Standard Fire and Special Perils Policy
Property insured	Factory Building with Compound Wall, Plant/Machinery and Accessories, stocks of raw material ,Semi Finished ,Finished goods, stores, packing material etc
Coverage	Earthquake, Fire and Shock
Policy no.	220202/11/08/11/000000881
Agency	The New India Assurance Company Limited
Sum insured	Rs 270 Lakhs
Total premium (Rs.)	Rs. 19433.00
From	08/03/2009
Valid up to	07/03/2010

### Other Insurance Policies-

Policy type	Truck Policy
Property insured	Vehicle LPT - 407 (MH-04- DK-7892)
Coverage	Accident & damage
Policy no.	1101792335001700
Agency	Reliance General Insurance Co. Limited
Sum insured (Rs)	5,00,000.00
Total premium	9135.00
From	29/04/2009
Valid up to	28/04/2010

Policy type	Motor Policy
Property insured	Vehicle Toyota Innova (MH -04-DB-7532)
Coverage	Accident & damage
Policy no.	3362/00180530/000/01
Agency	M/s Cholamandalam Ms General Insurance Company Limited
Sum insured (Rs)	6,55,830
Total premium (Rs.)	11,139
From	31/08/2009
Valid up to	31/08/2010

Policy type	Motor Policy
Property insured	Vehicle Maruti Omni (MH -04-DB-7436)
Coverage	Accident & damage
Policy no.	3362/00180753/000/01
Agency	M/s Cholamandalam Ms General Insurance Company Limited
Sum insured (Rs)	1,57,500.00
Total premium (Rs.)	3,119
From	25/09/2009
Valid up to	24/09/2010

Policy type	Marine Cargo- Open Policy
Property insured	Electronic/ Electric Precision, All Power Instrument Transformers and Spares, CRGO Electrical Steel Sheets/Strips in regular shapes or in coil, whether prime or in seconds,
Coverage	Transportation from anywhere in World to anywhere in India
Policy no.	124500/21/2010/62
Agency	The Oriental Insurance Company Limited
Sum insured	Rs. 500.00 Lacs, , Limit Per Transit Rs. 20,00,000 & Per Location Rs. 20,00,000
Total premium (Rs.)	7446.00
From	27/05/2009
Valid up to	26/05/2010

Policy type	Marine Cargo- Open Policy
Property insured	Electric Power Transformers
Coverage	Transportation from anywhere in India to anywhere in India by Road

Policy no.	121800/21/2009/517
Agency	The Oriental Insurance Company Limited
Sum insured (Rs)	Rs. 1000.00 Lacs, Limit Per Transit Rs. 20,00,000 & Per Location Rs. 20,00,000
Total premium (Rs.)	14046.00
From	31/12/2008
Valid up to	30/12/2009

## KEY INDUSTRY REGULATIONS AND POLICIES

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

### **The Companies Act, 1956**

The Act deals with laws relating to companies and certain other associations. It was enacted by the parliament in 1956. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. Regulation of the financial and management aspects constitutes the focus of the Act. In the functioning of the corporate sector, although freedom of companies is important, protection of the investors and shareholders, on whose funds they flourish, is equally important. The Companies Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection.

### **Environment (Protection) Act, 1986**

The Environment (Protection) Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships, which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

### **Income-tax Act, 1961**

The Income Tax Act, 1961 deals with the taxation of individuals, corporates, partnership firms and others. As per the provisions of this Act the rates at which they are required to pay tax is calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of Books of Accounts and relevant supporting documents and registers are mandatory under the Act. Filing of returns of Income is compulsory for all assesses.

### **Value Added Tax ("VAT")**

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off of input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

### **Electricity Act, 2003**

The Electricity Act, 2003 has been introduced with a view to rationalise electricity tariff, and to bring about transparent policies in the sector. The Act viz. provides for private sector participation in generation, transmission and distribution of electricity, and provides for the corporatisation of the state electricity boards. The related Electricity Regulatory Commissions Act, 1998 has been enacted with a view to confer on these statutory Commissions the responsibility of regulating this sector.

### **The Factories Act, 1948**

The Factories Act, 1948 is a social legislation, which has been enacted to regulate the occupational safety, health and welfare of workers at work places. This legislation is being enforced by the Government through officers appointed under the Act i.e. Inspectors of Factories, Deputy Chief Inspectors of Factories who work under the control of the Chief Inspector of Factories and overall control of the Labour Commissioner. The ambit of operation of this Act includes the approval of Factory Building Plans before construction/extension, investigation of complaints with regard to health, safety, welfare and working conditions of the workers employed in a factory, the maintenance of registers and the submission of yearly and half-yearly returns.

**Payment of Wages Act, 1936 ("Wages Act")**

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments where the monthly wages payable to such persons is less than Rs 10,000/-. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

**The Minimum Wages Act, 1948 ("Minimum Wages Act")**

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

**The Payment of Gratuity Act, 1972**

The Payment of Gratuity Act, 1972 was enacted with the objective to regulate the payment of gratuity, to an employee who has rendered service, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years:

- a) On his/her Superannuation; or
- b) On his/her retirement or resignation; or
- c) On his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

**The Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 was enacted with the objective of providing of payment of bonus to employees on the basis of profit or on the basis of productivity. This Act ensures that a minimum annual bonus is payable to every employee regardless of whether the employer has made a profit or a loss in the accounting year in which the bonus is payable. Every employer is bound to pay to every employee, subject to pre-defined salary limits in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year or Rs. 100, whichever is higher.

**Employees' Provident Funds and Miscellaneous Provisions Act, 1952**

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 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 to be made by the employer and the employee.

**Contract Labour (Regulation and Abolition) Act, 1970**

The purpose of Contract Labour (Regulation and Abolition) Act 1970, is to regulate the employment and protect the interests of the workers who are hired on the basis of individual contracts in certain establishments. In the event that any activity is outsourced, and is carried out by labourers hired on contractual basis, then compliance with the Contract Labour (Regulation and Abolition) Act, including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund etc.

**Employment (Standing Orders) Act, 1950**

The Industrial Employment (standing orders) Act requires employers in industrial establishments to formally define conditions of employment under them. It applies to every industrial establishment wherein 100 (reduced to 50 by the Central Government in respect of the establishments for which it is the Appropriate Government) or more workmen are employed. The Act calls for the submission of such conditions of work to the relevant authorities for their approval.

**The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976**

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

**Employees State Insurance Act, 1948**

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments where 20 or more persons are employed. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

**The Maternity Benefit Act, 1961 ("Maternity Act")**

The purpose of Maternity Act 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter-alia for payment of maternity benefits, medical bonus and enacts prohibition on dismissal, reduction of wages paid to pregnant women etc.

Apart from this, there are no specific regulations applicable to the industry in which our Company operates.

## OUR HISTORY AND CORPORATE STRUCTURE

### History & Background

Our Company was originally incorporated as Tarapur Transformers Private Limited and a Certificate of Incorporation No.11-47303 on 9<sup>th</sup> May 1988 was issued by the Registrar of Companies, Maharashtra, Mumbai. Our Company converted into a public limited company, subsequently the name of our Company was changed to "Tarapur Transformers Limited" vide special resolution passed by members of the Company in their Extra Ordinary General Meeting held on 10<sup>th</sup> March,2007 and a fresh certificate to this effect was obtained from the Registrar of Companies, Maharashtra, Mumbai on 27<sup>th</sup> March, 2007.

Our Company is registered under the Companies Act, 1956 with registration no. U99999MH1988PLC047303.

Our Company was initially promoted by Praful M. Dharia, Rajesh Kumar Shah and Praful M Shah. In year 2006-2007 Bilpower Limited and its promoters has acquired the entire voting rights in the Company followed by change in control and thus Bilpower Limited became the promoter of our Company.

Our Company is currently engaged in the areas of manufacturing, rehabilitation, up-gradation, and refurbishment of transformers ranging from power & distribution transformer, Rectifier Transformer, Furnace Duty Transformer, Electric Locomotive Transformer, Electric Traction substation Transformer, Dry type transformer, Potential Transformer, Special purpose transformers. We are one of the key players in Indian markets manufacturing & repairing of power & distribution transformers, focusing on quality, timely delivery and customization based on our engineering capabilities without any third party collaboration or technical assistance.

We manufacture Transformers up to 220 KV class, having an installed capacity of manufacturing of 1839.40 MVA & repairing of 1800 MVA per annum.

We currently operate through three manufacturing units located at MIDC, Boisar, Tarapur Industrial Area village Pali, At & PO - Posheri Taluka - Wada and L/25/5, GIDC Industrial Estate, Por- Ramnagamdi, Vadodara. Our Boisar unit mostly undertakes the repairing & refurbishment, rehabilitation & up gradation of transformers with the installed capacity of 600 MVA for manufacturing and 1200 MVA for repairing of transformers per annum. Our Pali unit is equipped with modern state of art infrastructure facilities & technology, which can undertake the manufacturing of 1200 MVA for manufacturing and 600 MVA for repairing of transformers per annum. Our Vadodara unit is engaged in manufacturing of Current Transformers Potential Transformer normally called as CTPT and Distribution Transformers ranging from 10 KV/11Kv to 100KV/11Kv with installed capacity of 39.40 MVA per annum.

The Registered Office of our Company is situated at J-20, MIDC, Tarapur Industrial Area, Boisar, 401506, Dist. - Thane

The Corporate Office of our Company is situated at 201, Vikas Chamber, Junction of Link & Marve Road, Malad (West), Mumbai- 400064

### Details of changes in the Registered Office of our Company since inception:

From	To	Date
-----	103,Girnar Apartments, Opp. Himmat Nagar, Borivali (West) Mumbai-400092	At the time of Incorporation
103,Girnar Apartments, Opp. Himmat Nagar, Borivali (West) Mumbai-400092	J-20, MIDC, Tarapur Industrial Area, Boisar -401506 Dist.- Thane	30 <sup>th</sup> July 1990

## Milestones

Year	Particulars
1988	Incorporated as Tarapur Transformers Private Limited
1990	Commencement of commercial production at our Boisar Unit
1994	Acquisition of freehold land at Pali
2006	Change in control and Bilpower Limited became the Promoter of our Company
2007	Conversion to Public Limited Company
2007	Acquisition of M/s. Varsha Engineers (proprietorship concern) at Vadodara
2007	ISO 9001:2000 Certificate awarded for Boisar Unit.
2008	Commencement of Commercial production at our Pali Unit

## MAIN OBJECTS OF OUR COMPANY:

The Object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present issue. Furthermore, the activities of our Company has been carrying out until now are in accordance with the objects of the Memorandum. The main objects for which our Company is established are:

1. To manufacture, assemble, fabricate, buy, sell, exchange, resell, lend, lease, supply, alter, import, export, improve, distribute, hire on hire purchase system, repair, service or otherwise deal in, either directly or as agents or in partnership or collaboration with others, high tension and low tension transformers of all type and designs, voltages and wattages, alternators of all voltages and capacities, transmission towers, high voltage electrical porcelain bushing and insulation materials, electric switchgear, both high and low tension, for alternate and direct current.
2. To manufacture, assemble, fabricate, buy, sell, exchange, resell, lend, lease, supply, alter, import, export, improve, distribute, hire on hire purchase system, repair, service or otherwise deal in either directly or as agents or in partnership or collaboration with others, distributors, transformers, voltage regulators, battery chargers, battery eliminators, voltage testing sets, voltage stabilizers, conductors, enamel wires, cotton/paper covered conductors, fittings, switches and distribution boards, and other articles, instruments and things required for or capable of being used for or in connection with wires for wireless signaling, lighting, heating, motive power, cables, lines, power station, exchanges, accumulators, dynamos, switching, controlling and signaling apparatus.

## Changes in the Memorandum and Articles of Association:

The following changes have been made in the Memorandum of Association and Articles of Association of our Company since inception:

Date	Amendment
17.01.1990	Increase in authorized capital from Rs. 5,00,000 to Rs. 25,00,000
03.08.1994	Increase in authorized capital from Rs. 25,00,000 to Rs. 35,00,000
10.03.2007	Conversion of our Company from Private limited to Public Limited and consequent change in name to Tarapur Transformers Limited
26.03.2007	Subdivision in face value of equity share from Rs. 100/- to Rs. 2/-each
26.03.2007	Increase in authorized capital from Rs. 35,00,000 to Rs.10,00,00,000
25.09.2009	Consolidation in face value of equity share from Rs. 2/- to Rs. 10/-each
25.09.2009	Increase in authorized capital from Rs. 10,00,00,000 to Rs. 25,00,00,000

## Holding Company of our Company:

Our Promoter Bilpower Limited is presently our holding company owning 73.50 % Equity Shares in our Company. For details regarding our Promoters, please see "Our Promoters" on page 101 of the Draft Red Herring Prospectus.

**Subsidiaries of our Company:**

Company has no Subsidiaries

**Acquisition of Business:**

Our Company acquired entire proprietorship business of M/s. Varsha Engineers with effect from 1<sup>st</sup> April, 2007 and entered into a Memorandum of Understanding with Manjulata Choudhary (proprietor of M/s. Varsha Engineers) on 11<sup>th</sup> March, 2007. As a full and final consideration of this acquisition, the Company issued 1,00,00,000 Equity Shares of Rs. 2/- each to Manjulata Choudhary. These shares were allotted on 17<sup>th</sup> March, 2008. By way of this arrangement, the Company was entitled to all the assets, liabilities, rights, duties, obligations, licenses amongst others. By virtue of this arrangement, M/s. Varsha Engineers is now under the flagship of Tarapur Transformers Limited as Vadodara Unit.

**Shareholders Agreement:**

There are no agreements with shareholders.

**Other Agreements:**

Our company has not entered into any other agreements, other than disclosed in the Draft Red Herring Prospectus.

**Strategic Partners:**

At present, our Company does not have any strategic partners.

**Financial Partners:**

At present, our Company does not have any financial partners.

**Shareholders / Members:**

Our Company has eight (8) members as on the date of filing of this Draft Red Herring Prospectus.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, our Company is required to have not less than three (3) directors and not more than twelve (12) directors. Our Company currently has six (6) directors on Board. The following table sets forth current details regarding our Board of Directors:

Name, Father's name, Address, Occupation, Nationality, Date of Birth & DIN	Age	Nature of Directorship	Date of Appointment	Other Directorships
Mr. Naresh Kumar Choudhary S/o Mr. Anandilal Choudhary 102, Saral Apartment, Vanshree Compound, Marve Road, Malad (W), Mumbai- 400064, INDIA Occupation: Entrepreneur Nationality: Indian DOB: 07/04/1959 DIN: 00678497	50 Yrs	Non Executive Non Independent Director	04/01/2007	1. Bilpower Ltd. 2. Nik-San Engineering Company Pvt. Ltd. 3. Eletrofer Steel(India) Pvt. Ltd.
Mr. Rajendra Kumar Choudhary S/o Mr. Anandilal Choudhary A- 1/1703-1704, Vastu Tower, Opp. Rayan International School, Evershine Nagar, Malad (W), Mumbai- 400064, INDIA Occupation: Entrepreneur Nationality: Indian DOB: 12/11/1960 DIN: 00494663	49 Yrs	Non Executive Non Independent Director	23/11/2006	1. Bilpower Ltd. 2. Choudhary Global Ltd. 3. Eletrofer Steel(India) Pvt. Ltd.
Mr. Mohan Waman Ranadive S/o Mr. Waman Ganesh Ranadive E- 10/3-A, Sector 1, Vashi Nagar, Navi Mumbai- 400703, INDIA Occupation: Service Nationality: Indian DOB: 26/09/1943 DIN: 00255829	66 Yrs	Whole time Director	03/10/1989	Nil
Mr. R.G. Subramanian S/o Mr. Ranalingam Iyer 42- B, Tilak Nagar, Nagpur- 440010, INDIA Occupation: Entrepreneur Nationality: Indian DOB: 16/06/1969 DIN: 01747352	40 Yrs	Independent Director	01/09/2009	1. Ramkrishna Electricals Limited
Mr. Vinod Kumar Agrawal S/o Mr. Bilasrai Agrawal B- 103/104, Adarsh Classic, Adarsh Vihar Complex, Off. Marve Road, Malad (W), Mumbai- 400064, INDIA Occupation: Entrepreneur Nationality: Indian DOB: 17/03/1955 DIN: 01186581	54 Yrs	Independent Director	01/09/2009	1. Bilpower Ltd.

Name, Father's name, Address, Occupation, Nationality, Date of Birth & DIN	Age	Nature of Directorship	Date of Appointment	Other Directorships
Mr. Anil Kumar Nevatia Mr. Shivkaran Nevatia 201- B, Harishchandra, Raheja Township, Malad (E), Mumbai- 400097, INDIA Occupation: Professional Nationality: Indian DOB: 15/01/1963 DIN: 00531183	46 Yrs	Independent Director	01/09/2009	1. Splash Media & Infra Ltd. 2. Pratiksha Properties Dealers Pvt. Ltd.

#### Details of Directors

**Naresh Kumar Choudhary** aged 50 years, Director of our Company. He holds a Bachelor degree of Commerce. He is one of the founder promoters of M/s Bilpower Limited. He has more than 25 years of experience in the field of manufacturing of electrical lamination, distribution and power transformers, CT/PT Metering sets. As a Director of the Company he is actively involved in the entire technical operations of the Company and also reviews the order positions and status of transformers.

**Rajendra Kumar Choudhary** aged 49 years, Director of our company. He has completed his Bachelor of Commerce. He has started his initial stint as trading and marketing of steel and allied products. He then along with his brothers has promoted Bilpower Limited, which is engaged in manufacturing of electrical lamination & transformer cores, stamping for rotating machine. He has over 23 years of experience in the field of manufacturing of electrical lamination, distribution and power transformers, Motor Stamping and Banking & Finance. He is the man behind success of our entire group. As a Director of our Company, he is actively involved in day-to-day operations of Company, and heads the marketing and financing operations of the Company.

**Mr. Mohan Waman Ranadive** aged 66 years, is a technocrat and holds the llicentiate in Electrical Engineering from VJTI Institute, Mumbai. He has the experience in the field of production and testing transformers since 42 years. Prior to joining our Company, he had 24 years of experience in M/s Bharat Bijlee Ltd., one amongst the reputed and well established companies in the Transformer Industry.

He initially was posted in the transformer testing division and held the position of Test Field Engineer. He was later on deputed to the position of Technical collaborators. Subsequently in the year 1989, he joined our Company where his area of operations includes complete planning and set up of equipments. He is the person behind the successful set up of our Pali unit. Currently he is the Whole Time Director of our Company, responsible for overall technical operations of the Company.

**Mr. R.G. Subramanian** aged 40 years. He is a graduate in Engineering (B.E.) and also holds Masters Degree in Business Administration with specialization in Finance & Production. He has an overall experience of 16 years in independently designing, manufacturing, and testing power and distribution transformers.

**Mr. Vinod Kumar Agrawal** aged 54 years and a commerce graduate. He is veteran in industry and has over 25 years of diversified experience in the field of packaging industry.

**Mr. Anil Kumar Nevatia** aged 46 years, and has completed his graduation in Commerce and is a fellow member of The Institute of Chartered Accountants of India. He is a practicing Chartered Accountant since 1988. He has more than 20 years of experience in the field of Commerce, Finance, Audit and Taxation. As an Independent Director of our Company & Chartered Accountant by profession, he is adding immense value to the Company.

### **Family relationship between any of the Directors:**

Mr. Naresh Kumar Choudhary and Mr. Rajendra Kumar Choudhary, Directors of our Company are brothers.

### **Borrowing Powers of the Directors**

By a resolution passed at the Annual General Meeting of our Company held on 22<sup>nd</sup> September, 2007 consent of the members of our Company was accorded to the Board of Directors of our Company pursuant to Section 293(1)(d) of the Companies Act, 1956 for borrowing from time to time any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) may exceed in the aggregate, the paid-up capital of our Company and its free reserves, provided however, the total amount so borrowed in excess of the aggregate of the paid-up capital of our Company and its free reserves shall not at any time exceed Rs.1,00,00,00,000 (Rupees hundred Crores only).

### **Terms of Appointment and Compensation of our directors**

#### **Mr. Mohan W. Ranadive, Whole Time Director**

The members of our Company by a resolution passed in the meeting held on 31<sup>st</sup> March, 2007 approved the appointment and remuneration of Mr. Mohan W. Ranadive, as the Whole Time Director of our Company for a period of three (3) years with effect from 1<sup>st</sup> April, 2007 on the following terms and conditions:

1. Basic Salary : Rs. 54220/- p.m.

The basic salary may be revised in the month of April every year by an increment of such amount as may be decided by the Board of Directors.

2. Perquisites:

- i) Provident Fund as per norms of the Company subject to the ceilings as per the guidelines for the Managerial remuneration enforce from time to time.
- ii) Provision for the Company's car with Driver.

The Company pays Rs. 1000/- to its Non-Executive Director/Independent Directors for every meeting attended by them as sitting fees.

### **Corporate Governance**

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including the Listing Agreement to be executed with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

We have a Board constituted in compliance with the Companies Act and the Listing Agreement in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Currently our board has six (6) Directors. The Chairman of the Board is nominated by the Directors of the Board at each meeting. We have one (1) Whole Time Director, two (2) Non-Executive Non Independent Directors and three (3) Non-Executive Independent Directors. The constitution of our Board is in compliance with the requirements of Clause 49 of the Listing Agreement.

**The following committees have been formed in compliance with the Corporate Governance norms:**

- A) Audit Committee
- B) Shareholders/Investors Grievance Committee
- C) Remuneration Committee
- D) IPO Committee

#### **AUDIT COMMITTEE**

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement to be entered with Stock Exchanges, vide resolution passed in the meeting of the Board of Directors held on 1<sup>st</sup> September 2009.

The terms of reference of Audit Committee complies with the requirements of Clause 49 of the Listing Agreement, proposed to be entered into with the Stock Exchanges in due course. The committee presently comprises following three (3) directors. Mr. Anil Kumar Nevatia is the Chairman of the Audit Committee. The Company Secretary is the Secretary of our Audit Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Anil Kumar Nevatia	Chairman	Independent Director
2.	Mr. Vinod Kumar Agrawal	Member	Independent Director
3.	Mr. Rajendra Kumar Choudhary	Member	Non Executive Non Independent Director

#### **Role of Audit Committee**

The terms of reference of the Audit Committee are given below:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - (b) Changes, if any, in accounting policies and practices and reasons for the same

- (c) Major accounting entries involving estimates based on the exercise of judgment by management
  - (d) Significant adjustments made in the financial statements arising out of audit findings
  - (e) Compliance with listing and other legal requirements relating to financial statements
  - (f) Disclosure of any related party transactions
  - (g) Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
  12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  13. Discussion with internal auditors any significant findings and follow up there on.
  14. 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.
  15. 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.
  16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  17. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  18. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
  19. Mandatorily reviews the following information:
    - (a) Management discussion and analysis of financial condition and results of operations;
    - (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
    - (d) Internal audit reports relating to internal control weaknesses; and
    - (e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
  20. Review the Financial Statements of its subsidiary company, if any.

21. Review the composition of the Board of Directors of its Subsidiary Company, if any.
22. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

#### **SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Our Company has constituted an Investors Grievance Committee to redress the complaints of the shareholders. The Shareholders/Investors Grievance Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 1<sup>st</sup> September 2009. The committee currently comprises of three (3) Directors. Mr. Rajendra Kumar Choudhary is the Chairman of the Shareholders/ Investors Grievance Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Rajendra Kumar Choudhary	Chairman	Non Executive Non Independent Director
2.	Mr. Vinod Kumar Agrawal	Member	Independent Director
3.	Mr. Anil Kumar Nevatia	Member	Independent Director

#### **Role of Shareholders/Investors Grievance Committee**

The Shareholders / Investors Grievance Committee of our Board looks into:

- The redressal of investors complaints viz. non-receipt of annual report, dividend payments etc.
- Matters related to share transfer, issue of duplicate share certificate, dematerializations.
- Also delegates powers to the executives of our Company to process transfers etc.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

#### **REMUNERATION COMMITTEE**

Our Company has constituted a Remuneration Committee. The Remuneration Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 1<sup>st</sup> September, 2009. The Committee currently comprises of three (3) Directors. Mr. Vinod Kumar Agrawal is the Chairman of the Remuneration Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Vinod Kumar Agrawal	Chairman	Independent Director
2.	Mr. Anil Kumar Nevatia	Member	Independent Director
3.	Mr. R.G. Subramanian	Member	Independent Director

The Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of the directors and to deal with all elements of the remuneration package of all the directors including but not restricted to the following:

- To review, assess and recommend the appointment and remuneration of Whole Time Directors.
- To review the remuneration package including the retirement benefits, payable to the Directors periodically and recommend suitable revision / increments, whenever required, to the Board of Directors.

## IPO COMMITTEE

Our Company has constituted an IPO Committee to look upon various strategic decisions pertaining to the Initial Public Offering of our Company. The Committee was constituted vide resolution passed at the meeting of the Board of Directors held on 1<sup>st</sup> September, 2009. The committee currently comprises of following three (3) Members and Mr. Rajendra Kumar Choudhary is the Chairman of the IPO Committee.

No.	Name of the Director	Status	Nature of Directorship
1.	Mr. Rajendra Kumar Choudhary	Chairman	Non Executive Non Independent Director
2.	Mr. Vinod Kumar Agrawal	Member	Independent Director
3.	Mr. Anil Kumar Nevatia	Member	Independent Director

The IPO Committee has been vested with powers and authority to take all decisions relating to the Issue and do all such acts and things as may be necessary and expedient for, incident and ancillary to the Issue.

### Policy on Disclosures and Internal Procedure for Prevention of Insider Trading.

The provisions of Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 will be applicable to our Company immediately upon the listing of its Equity Shares on the Stock Exchanges. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992 on listing of our Equity Shares on Stock Exchanges. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public issue.

Ms. Astha Rathi, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

### Shareholding details of the Directors in our Company

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. The following table details the shareholding of our Directors as on the date of this Draft Red Herring Prospectus:

Name of Director	Number of Equity Shares	% of Pre-Issue Paid up Share Capital
Mr. Rajendra Kumar Choudhary	9,14,355	8.31
Mr. Naresh Kumar Choudhary	10	-
Mr. Mohan Waman Ranadive	1	-
<b>Total</b>	<b>914366</b>	<b>8.31</b>

### Interest of Directors

All the Directors of our Company may be deemed to be interested to the extent of sitting fees and/or other remuneration if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of reimbursement of expenses if any payable to them under the Articles of Association. All the Directors may also be deemed to be interested in the Equity Shares of our Company, if any, held by them, their relatives or by the companies or firms or trusts in which they are interested as directors / members / partners or that may be subscribed for and allotted to them, out of the present Issue in terms of the Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any other company in which they have direct /indirect interest or any partnership firm in which they are partners.

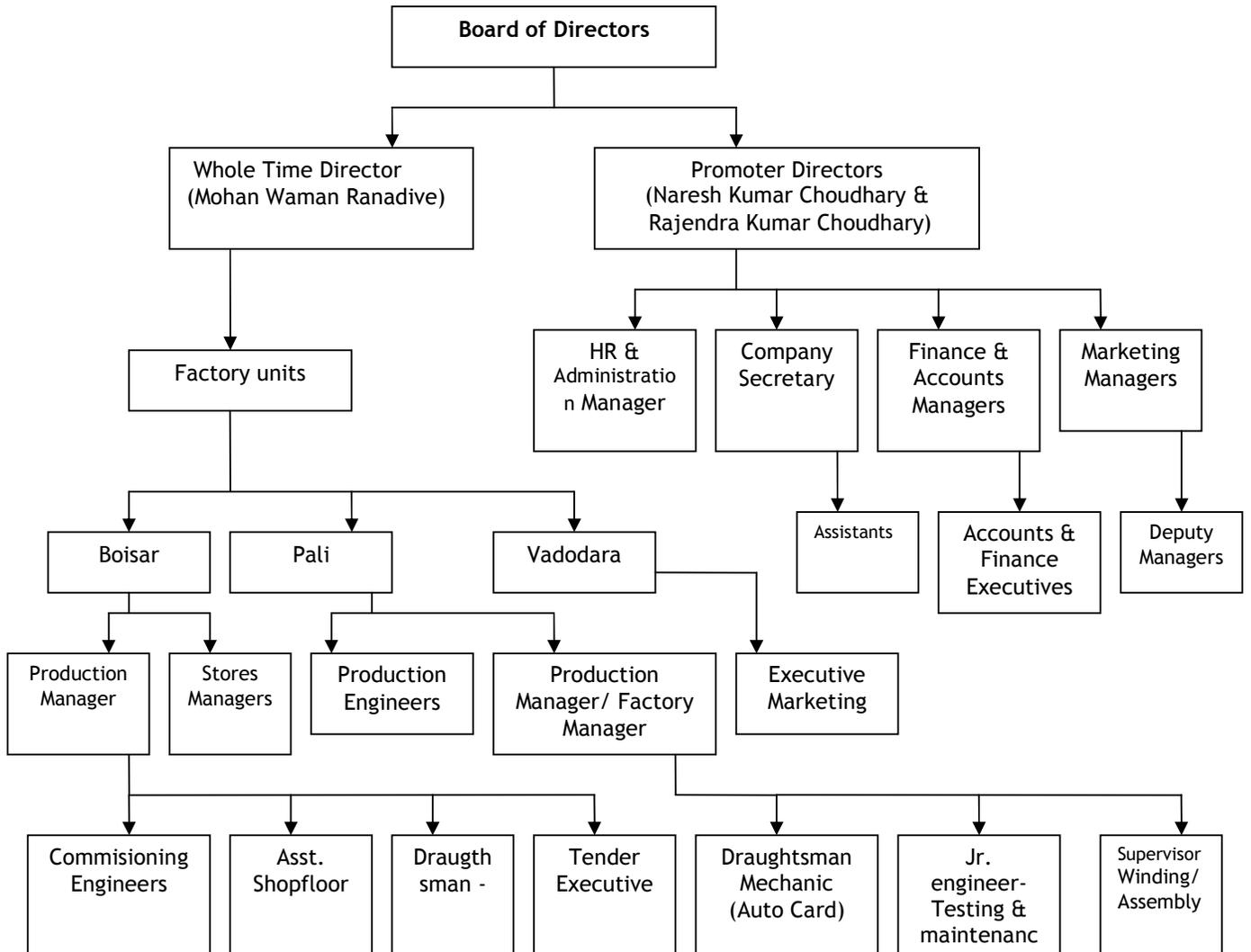
Except as stated under the Related Party Transaction on page 111 of the Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangement during the preceding two (2) years from the date of this Draft Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

**Changes in our Board of Directors during the last three (3) years**

The changes in the Directors during last three (3) years are as follows:

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of cessation</b>	<b>Reason</b>
Mr. R.G. Subramanian	01/09/2009	-	Appointed as an Additional Director
Mr. Vinod Kumar Agrawal	01/09/2009	-	Appointed as an Additional Director
Mr. Anil Kumar Nevatia	01/09/2009	-	Appointed as an Additional Director
Mr. Naresh Kumar Choudhary	04/01/2007	-	Appointed as Director

## ORGANIZATION STRUCTURE



### Key Managerial Personnel

Our Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production/finance/ distribution/marketing and corporate laws. The following key personnel assist the management:

Name	Date of Joining	Designation	Functional Responsibilities	Qualification	Previous Employment	Compensation Paid during F.Y.2008-09 (Rs.)
Mr. Pawan Kumar Sharda	09.07.2009	Factory Manager	Maintenance of Plant & Machineries, ISO documentation and Project co-ordination work	M.Sc. & M.Com	Jay Jagdamba Concast Pvt. Ltd.	N.A. (Since joined in July 2009 with a remuneration of Rs.50,000/- per month)
Ms Astha Rathi	19.12.2008	Company Secretary	Vetting of Lease Agreement, Drafting of Resolutions, Preparation of Minutes & compliance of the provisions of the Companies Act, 1956	Company Secretary	Euro Multivision Limited	47,871/-
Mr. Bhikaji R. Salgaonkar	05.09.2007	Marketing-Manager	Preparation & Submission of Quotation to Electricity Board , Coordination between HQ & Factory and with customers	B.Com & Pursuing M.B.A	Stone India Limited	3,53,988/-
Mr. Vidhyadhar Shridhar Kadam	01.04.2007	Accounts Manager	Preparation of Financial Books, Filling of Return & Attend to Income tax scrutiny case, etc	M.Com & G.D.C.A.	Aries Paper Co.	1,94,372/-

### Brief Profile of Key Managerial Personnel

**Mr. Pawan Kumar Sharda**, aged 50 years, is the Factory Manager at our Pali Unit. He holds Masters Degree in Commerce & Science from Rajasthan University. He joined our Company in July 2009. He carries with him 29 years of experience in Vendor development, stores and purchase inventory, technical section, preparation of MIS Reports, Inspection of Factory and Boilers, handling project work etc. His past association includes M/s Jay Jagdamba Concast Pvt. Ltd., M/s Dujodwala Paper Chemicals Limited, M/s Dujodwala Resins & Terpenes Limited, M/s Universal Chemicals & Ind. P. Ltd., M/s Kores India Limited, and M/s Indian Rayon & Industries Limited. He is responsible for overall operation & supervision of the Pali unit.

**Ms. Astha Rathi**: aged 32 years, is designated as the Company Secretary of our Company. She is a Member of The Institute of Companies Secretaries of India, New Delhi. Her scope of work and responsibilities includes vetting of lease, loan agreements, preparation of Minutes, drafting of resolutions, preparation and updation of various Statutory Registers, liasoning with Stock Exchanges, and Compliance with the provisions of Companies Act, 1956. Prior to joining our company, she has worked with companies like

Euro Multivision Limited and Mohit Industries Limited. She has also been in practice as Company Secretary prior to joining our Company.

**Mr. Bhikaji R. Salgaonkar**, aged 43 years, is the Marketing -Manager of our Company. He holds Masters Degree in Commerce from Mumbai University. He is currently pursuing his Masters in Business Administration from Institute for Technology and Management - Hamshire University London. He is working with our Company for last 2 years. He is responsible for overall marketing function of Transformer Division, which includes areas like preparation and submission of quotations, coordination with Head Office & factories, dealing with Electricity Board, Indian Railways, to prepare joint verification report along with Electricity Board officials etc

**Mr. Vidhyadhar Shridhar Kadam**, aged 33 years, Accounts Manager of our Company. He holds Masters Degree in Commerce from Mumbai University and has done Diploma in Computer and Office Automation & G.D.C.A. He has a total work experience of around 16 years in the field of Accounting, Taxation and Audit in firms namely Aries Paper Company, M/s A. C. Phadke & Co., M/s Bharati Workshop & M/s Ambika Industrial Agencies Pvt. Ltd. He is responsible for overall accounting and administration of our Company.

#### **Family relationship between Key Managerial Personnel**

As on date, none of the key managerial persons are having family relation with each other.

#### **All of Key Managerial Personnel are permanent employee of our Company**

#### **Shareholding of the Key Managerial Personnel**

As on date, none of the key managerial personnel are holding any Equity Shares of our Company.

#### **Bonus or Profit Sharing Plan for the Key Managerial Personnel**

There is no Profit sharing plan for the Key Managerial Personnel. Our Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment

#### **Loans to Key Managerial Personnel**

There are no loans outstanding against key managerial personnel as on 31<sup>st</sup> October, 2009.

#### **Changes in Key Managerial Personnel during the last three (3) years**

The changes in our key managerial employees during the last three (3) years are as follows:

<b>Name</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
Mr. Vidhyadhar Shridhar Kadam	01.04.2007	-	Appointment
Mr. Bhikaji R. Salgaonkar	05.09.2007	-	Appointment
Mr. Pawan Kumar Sharda	09.07.2009	-	Appointment
Ms Astha Rathi	19.12.2008	-	Appointment

#### **Employees Stock Option Scheme**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of this Draft Red Herring Prospectus.

#### **Payment or Benefit to our Officers**

Except for the payment of normal remuneration for the services rendered in their capacity as employees of our Company, no other amount or benefit has been paid or given within the two (2) preceding years or intended to be paid or given to any of them.

## OUR PROMOTER

BILPOWER LIMITED formerly known as BRAHM ISPAT PRIVATE LIMITED is the promoter of Our Company. Following are the brief details of our Promoter:

<b>Date of Incorporation</b>	05/10/1989
<b>Nature of Activities</b>	Company is engaged in the business of manufacturing and dealing in all kinds and types of Laminations, cores, Assemblies, stampings, Cold Rolled Grain Oriented steel and parts, components, intermediates, scrap and wastage of the above items.
<b>Registered Office</b>	201 Vikas Chambers, Junction of Link & Marve Road Malad (West), Mumbai, Maharashtra, India- 400064
<b>Registration Number</b>	L51420MH1989PLC053772
<b>PAN No.</b>	AACB1857G
<b>Bank Account No</b>	062010200007351 Axis Bank Ltd., Malad (West), Mumbai
<b>Address of ROC</b>	Registrar of Companies, Everest, Marine Drive, Mumbai- 400 002, Maharashtra
<b>Listing</b>	The equity shares of Bilpower Limited are listed on BSE and NSE

The shareholding pattern as on 30.9.2009 is as under:

Description as on	No of Shares	% of Holding	No. of Share Holders
<b>(A) Shareholding of Promoter and Promoter Group</b>			
<b>(1) Indian</b>			
Individual/HUF	3349177	31.89	17
Bodies Corporate	605211	5.76	1
<b>Sub total (A) (1)</b>	<b>3954388</b>	<b>37.66</b>	<b>18</b>
<b>(2) Foreign</b>	-	-	-
<b>Total Shareholding of Promoter &amp; Group (A)</b>	<b>3954388</b>	<b>37.66</b>	<b>18</b>
<b>(B) Public Shareholding</b>			
<b>(1) Institutions</b>			
Mutual Funds / UTI	-	-	-
Financial Institutions / Banks	500	0.00	1
Insurance Companies	450000	4.29	1
Central Government / State Governments	-	-	-
Foreign Institutional Investors	-	-	-
<b>Public Shareholding (Institution) B (1)</b>	<b>450500</b>	<b>4.29</b>	<b>2</b>
<b>(2) Non Institutions</b>			
Bodies Corporate	3658169	34.84	323
Individuals holding nominal share capital up to Rs. 1 lakh	1101270	10.49	5079
Individuals holding nominal share capital in excess of Rs. 1 lakh	1320781	12.58	15
Clearing Members	-	-	-
Hindu Undivided Families	-	-	-
NRIs/Foreign Individuals/Foreign Nationals	15692	0.15	53
Overseas Corporate Bodies	-	-	-
Trusts	-	-	-
<b>Public Shareholding (Non-Institution) B(2)</b>	<b>6095912</b>	<b>58.05</b>	<b>5470</b>
<b>Total Public Shareholding B [B (1) + B(2)]</b>	<b>6546412</b>	<b>60.27</b>	<b>5472</b>
<b>Shares Held By Custodians against which Depository Receipts have been issued (C)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

Description as on	No of Shares	% of Holding	No. of Share Holders
<b>Grand Total (A+B+C)</b>	<b>10500800</b>	<b>100</b>	<b>5490</b>

#### Board of Directors as on 30.11.2009

Name of the director	Nature of directorship
Mr. Suresh Kumar Choudhary	Chairman
Mr. Naresh Kumar Choudhary	Managing Director
Mr. Rajendra Kumar Choudhary	Whole Time Director
Mr. Ashok Devkinandan Bansal	Whole Time Director
Mr. Vinod.Kumar Pandit	Non Executive Independent Director
Mr. Vinod Kumar Agrawal	Non Executive Independent Director
Mr. Narendra Kumar Jain	Non Executive Independent Director
Mr. Rajan Ramesh Menda	Non Executive Independent Director

#### Changes in the Management of Bilpower

There is no change in management of the Bilpower Limited in last six (6) months prior to the filling of this Draft Red Herring Prospectus.

#### Financial Performance

The standalone financial results for Bilpower Limited for fiscal 2006-07, 2007-08 and 2008-09 are as follows:

Financial Performance	(Rs. in Lakhs)		
	31-Mar-09	31-Mar-08	31-Mar-07
Equity Share Capital	1050.08	1050.08	900.08
Reserves (excluding revaluation reserves)	10886.48	9496.99	7084.07
Net worth	11932.74	10542.3	7981.52
Total income	45806.54	31216.52	24594.61
Profit After Tax	1610.47	2271.47	1727.86
Face Value Per Share (Rs.)	10	10	10
EPS (Rs.)	15.34	21.63	25.42
NAV (Rs.)	113.64	100.40	88.68

Source: Annual report

#### Information about Share Price

Bilpower Limited shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The stock market data of equity shares of face value of Rs.10/- each for the past six (6) months is as under:

#### BSE:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded
November 2009	200.00	155.05	511702
October 2009	194.00	155.80	567601
September 2009	194.00	159.00	338786
August 2009	191.00	160.00	297336
July 2009	185.65	120.10	257510
June 2009	144.25	112.10	1526360
May 2009	132.00	86.50	651723

Current Market Price Rs. 191.85 as on 4th December, 2009

(Source: BSE website [www.bseindia.com](http://www.bseindia.com))

**NSE:**

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded
November 2009	180.00	156.05	494511
October 2009	195.00	157.00	1104997
September 2009	191.90	158.00	362767
August 2009	191.00	157.00	299866
July 2009	187.55	120.10	237444
June 2009	146.95	112.00	1598652
May 2009	131.80	86.05	527632

Current Market Price Rs.191.00 as on 4<sup>th</sup> December, 2009

(Source: NSE website [www.nseindia.com](http://www.nseindia.com))

#### **Investors Grievances Mechanism:**

Bilpower Limited follows investor grievance mechanism as per the listing agreement. For redressal of investor grievances, it has nominated its Company Secretary as the Compliance Officer. The Compliance Officer is responsible for attending to investor queries and complaints. Bilpower Limited received two (2) complaints during the period from 01/04/2008 to 31/03/2009 and all the complaints were resolved to the satisfaction of the investors. Bilpower Limited received no complaints during the period from 01/04/2009 to 31/10/2009 and there were no queries pending to be replied / addressed as at 31/10/2009.

#### **Litigation/ Defaults:**

For details relating to legal proceedings involving our Promoter and Members of the Promoter Group, please refer to the section titled "Outstanding Litigation and Material Developments" beginning on page 139 of this Draft Red Herring Prospectus.

#### **Common Pursuits**

Bilpower Limited does not have any interest in any venture that is involved in any activities carried out by our Company. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations as and when they may arise.

#### **Interest of Promoter in our Company**

The Promoters are interested in our Company to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by our Company. For details of transactions with Promoter Company, refer to the section on "Related Party Transactions" appearing on page 111 of this Draft Red Herring Prospectus.

#### **Payment or Benefit to Promoters**

Except as stated in the sections "Related Party Transactions" beginning on page 111 of this DRHP, no amount or benefit has been paid or given to any Promoter within the two (2) preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid.

## Declaration

Our Promoter has submitted its PAN details, its bank account number(s), its registration number and the address of the Registrar of Companies where it is registered, to the Stock Exchanges, along with this Draft Red Herring Prospectus.

## BACKGROUND OF THE PROMOTERS OF BILPOWER LIMITED

1.

	<b>Suresh Kumar Choudhary</b> aged 51 years, one of the founder promoters of M/s Bilpower Limited. He holds a Bachelor degree of Commerce. He has more than 28 years of experience in the field of manufacturing of electrical lamination, distribution and power transformers, CT/PT Metering sets. He is the Chairman of Bilpower Ltd. and also Director in Choudhary Global Limited.
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<b>Name</b>	<b>Mr. Suresh Kumar Choudhary</b>
<b>Permanent Account Number</b>	ABFPC5325G
<b>Passport No.</b>	E 5714401
<b>Voter ID</b>	RWR1782622
<b>Driving License</b>	GJ/6/VD/1995/134265
<b>Bank Account Details</b>	Axis Bank Ltd., Malad(W), Mumbai A/c No. - 062010100143301

2.

	<b>Naresh Kumar Choudhary</b> aged 50 years, is a Non Executive Non Independent Director of our company. He holds a Bachelor degree of Commerce. He is one of the founder promoters of M/s Bilpower Limited. He has more than 25 years of experience in the field of manufacturing of electrical lamination, distribution and power transformers, CT/PT Metering sets. As a director of the Company he is actively involved in the entire technical operations of the company and also reviews the order positions and status of transformers.
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### Other details of Naresh Kumar Choudhary

<b>Name</b>	<b>Mr. Naresh Kumar Choudhary</b>
<b>Permanent Account Number</b>	AADPC1168 N
<b>Passport No.</b>	Z 1783980
<b>Voter ID</b>	Not Available
<b>Driving License</b>	MH02 2009 0023859
<b>Bank Account Details</b>	Axis Bank Ltd., Malad(W), Mumbai A/c No. - 062010100143318

3.

	<p><b>Rajendra Kumar Choudhary</b> aged 49 years, Director of our company. He has completed his Bachelor degree of Commerce. He has started his initial stint as trading and marketing of steel and allied products. He then along with his brothers has promoted M/s Bilpower Limited, which is engaged in manufacturing of Electrical lamination &amp; transformer cores, Stamping for Rotating Machine. He has over 23 years of experience in the field of manufacturing of electrical lamination, distribution and power transformers, Motor Stamping and Banking &amp; Finance. He is the man behind success of our entire group. As a director of our company, he is actively involved in day-to-day operations of our Company, and heads the marketing and financing operations of the Company.</p>
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**Other Details of Rajendra Kumar Choudhary**

<b>Name</b>	<b>Mr. Rajendra Kumar Choudhary</b>
<b>Permanent Account Number</b>	AABPC6898 D
<b>Passport No.</b>	Z 1895528
<b>Voter ID</b>	Not Available
<b>Driving License</b>	MH02 20080229012
<b>Bank Account Details</b>	Axis Bank Ltd. , Malad(W), A/c No.- 062010100148665

## OUR PROMOTER GROUP COMPANIES / ENTITIES

**A. Listed companies within our Group:**

There is no Listed Company in our promoter group except our Promoter i.e. Bilpower Limited.

**B. Unlisted companies within our Group:**

1. Nik-San Engineering Company Private Limited
2. Elektrofer Steel (India) Private Limited
3. Choudhary Global Limited

**C. Partnership Firms in our Group**

1. M/s Choudhary Exports

### DETAILS OF UNLISTED COMPANIES WITHIN OUR GROUP

**1. NIK-SAN ENGINEERING COMPANY PRIVATE LIMITED**

Date of Incorporation	21-01-2004
CIN	U31102GJ2004PTC043492
Registered Office	19 R C Patel Industrial Estate, Akota Vadodara-390002, Gujarat, India
PAN No.	AABCN8963D
BANK Account Details	06760200000360 Bank of Baroda (Akota), Vadodara
Address of Roc	Registrar of Companies, Gujarat
Nature of Activities	Company currently engaged in the business of manufacturing & repairing of power & distribution transformers

**Board of Directors as on 31<sup>st</sup> October 2009**

Name	Designation
Mr. Suresh Kumar Choudhary	Director
Mr. Naresh Kumar Choudhary	Director
Mr. Abhishek Kumar Choudhary	Director

**Financial Performance**

The brief financials of Nik-San Engineering Company Private Limited for the last three (3) years based on audited financial statements are as under:

*(Rs. in Lakhs except per share data)*

Particulars	31 Mar- 09	31-Mar-08	31-Mar-07
Equity Share Capital	299.16	299.16	299.16
Reserves (excluding revaluation reserves)	328.24	207.28	140.37
Net Worth	626.77	505.16	437.62
Total Income	5027.68	4302.55	2033.71
Profit After Tax	138.51	84.40	29.35
E.P.S. (Rs.)	4.63	2.82	0.98
N.A.V. (Rs.)	20.95	16.89	14.62
Face Value per share (in Rs.)	10	10	10

## Shareholding Pattern as on 31<sup>st</sup> October 2009

No.	Particulars	No of Shares	% of holding
1.	Mr. Suresh Kumar Choudhary	10,44,200	34.91
2.	Mr. Naresh Kumar Choudhary	13,07,400	43.70
3.	Bilpower Limited	4,00,000	13.37
4.	Choudhary Global Limited	2,40,000	8.02
<b>Total</b>		<b>29,91,600</b>	<b>100</b>

Nik-San Engineering Company Private Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

## 2. ELETROFER STEEL (INDIA) PRIVATE LIMITED

Date of Incorporation	17/12/2008
CIN	U27107MH2008PTC188966
Registered Office	2nd Floor, Vikas Chamber, Link & Marve Road Malad (West), Mumbai, Maharashtra, India- 400064
PAN No.	AACCE1034B
BANK Account Details	062010200019868 Axis Bank Ltd. Malad (West), Mumbai
Address of Roc	Registrar of Companies, Maharashtra, Mumbai
Nature of Activities	Company engaged in business of the manufacturing of Electrical Lamination, Core, Stamping and deals in power related equipments.

## Board of Directors as on 31<sup>st</sup> October 2009

Name	Designation
Mr. Naresh Kumar Choudhary	Director
Mr. Rajendra Kumar Choudhary	Director
Mr. Guiseppe Flavio Coppo	Director
Ms. Laura Guiseppe Coppo	Director

## Financial Performance

The brief financials of Eletrofer Steel (India) Pvt. Limited for the last year based on audited financial statements are as under:

*(Rs. in Lakhs except per share data)*

Particulars	31 Mar- 09
Equity Share Capital	1.00
Reserves (excluding revaluation reserves)	(1.87)
Net Worth	(0.92)
Total Income	Nil
Profit After Tax	(1.87)
E.P.S. (Rs.)	(18.69)
N.A.V. (Rs.)	(9.20)
Face Value per share (in Rs.)	10

### Shareholding Pattern as on 31<sup>st</sup> October 2009

No.	Particulars	No of Shares	% of holding
1.	Mr. Naresh Kumar Choudhary	5000	50
2.	Mr. Rajendra Kumar Choudhary	5000	50
Total		10,000	100

Eletrofer Steel (India) Pvt. Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

### 3. CHOUDHARY GLOBAL LIMITED

Date of Incorporation	20/11/1989
CIN	U74999MH1989PLC054313
Registered Office	201 Vikas Chambers, Junction of Link & Marve Road Malad (West), Mumbai, Maharashtra, India- 400064
PAN No.	AAACB3270G
BANK Account Details	062010200007313 Axis Bank Limited, Malad (W), Mumbai
Address of Roc	Registrar of Companies, Maharashtra, Mumbai
Nature of Activities	To carry on business as manufactures and dealers in products Electrical steel laminations and stamping, chemicals, dyes & other plastic and rubber items. The company is also engaged in investment and finance.

### Board of Directors as on 31<sup>st</sup> October 2009

Name	Designation
Mr. Suresh Kumar Choudhary	Director
Mr. Rajendra Kumar Choudhary	Director
Mr. Abhishek Kumar Choudhary	Director

### Financial Performance

The brief financials of Choudhary Global Limited for the last three (3) years based on audited financial statements are as under :

*(Rs. in Lakhs except per share data)*

Particulars	31 Mar- 09	31-Mar-08	31-Mar-07
Equity Share Capital	412.14	400.00	400.00
Reserves (excluding revaluation reserves)	703.99	617.30	590.46
Net Worth	1115.70	1016.46	989.20
Total Income	27.61	69.47	2158.40
Profit After Tax	13.83	26.84	108.04
E.P.S. (Rs.)	0.34	0.67	2.70
N.A.V. (Rs.)	27.07	25.41	24.73
Face Value per share (in Rs.)	10	10	10

### Shareholding Pattern as on 31<sup>st</sup> March , 2009

No.	Particulars	No of Shares	% of holding
1	Suresh Kumar Choudhary	1,71,001	4.15
2	Varsha Choudhary	2,448	0.07
3	Prabha Devi Choudhary	3,61,001	8.77
4	Suresh Choudhary - HUF	1,73,400	4.21
5	Anandilal Choudhary - HUF	1,73,850	4.23
6	Manjulata Choudhary	1,91,900	4.66
7	Rajendra Kumar Choudhary- HUF	1,81,000	4.39
8	Naresh Kumar Choudhary -HUF	1,93,000	4.68
9	Naresh Kumar Choudhary	1,50,000	3.63
10	Pooja N Choudhary	1,300	0.03
11	Shradha Choudhary	12,500	0.30
12	Rajendra Choudhary	12,000	0.29
13	Bilpower Limited	17,50,000	42.46
14	Asha Gupta	1,000	0.02
15	Om Prakash Trivedi	1,95,600	4.75
16	Mohan Nair	1,80,000	4.36
17	Hi- Tech Engineers	2,50,000	6.06
18	Onesource Techmedia Ltd.	50,000	1.21
19	Ambuj Mercantile Pvt. Ltd.	71,428	1.73
	<b>TOTAL</b>	<b>4121428</b>	<b>100.00</b>

Choudhary Global Limited is an unlisted Company and is neither a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

#### DETAILS OF PARTNERSHIP FIRM WITHIN OUR GROUP

##### 1. M/s Choudhary Exports

M/s Choudhary Exports is a registered partnership firm formed for the purpose of carrying on the business of export and import, however at present the firm is not carrying out any business due to adverse market scenario.

The partnership firm came into existence by a Deed of Partnership executed amongst the partners on 20<sup>th</sup> August 1992.

Following is the share of the partners in the partnership firm.

Sr. No.	Name of the Partner	Profit sharing Ratio (%)
1.	Shri Anandilal Choudhary	15%
2.	Smt. Prabhadevi Choudhary	10%
3.	Shri Suresh Kumar Choudhary	15%
4.	Smt. Nirmaladevi Choudhary	10%
5.	Shri Naresh Kumar Choudhary	15%
6.	Smt. Varshadevi Choudhary	10%
7.	Shri Rajendra Kumar Choudhary	15%
8.	Smt. Manjulata Choudhary	10%

The summary of the financial information performance of M/s Choudhary Exports for the last three (3) years is given below:

(Rs. in Lakhs)

Year Ended March 31	2009	2008	2007
Income from operation	Nil	Nil	Nil
Net Profit/ (Loss)	(3.05)	(2.10)	(0.10)

<b>Year Ended March 31</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Partners Capital	(1269.21)	(1212.78)	(695)

#### **Litigation/ Defaults**

For details relating to legal proceedings involving the Promoters and Members of the Promoter Group, see the section titled “Outstanding Litigation and Material Developments” beginning on page 139 of this Draft Red Herring Prospectus.

#### **Disassociation with Companies/Firms by the promoter of our Company during the preceding three (3) years**

There are no Companies/ Firms with which the promoter of our Company have disassociated themselves during the preceding three (3) years.

#### **Common Pursuit**

One of our group company i.e. Nik-San Engineering Company Private Limited is in the same line of business in which we operate i.e. Repairing & manufacturing of transformers. This may lead to potential conflict of interest between us and this entity.

#### **Related business transaction within the group and significance on financial performance**

There are no business transactions between our Company and the Group Companies, hence significance of these transactions on the financial performance of the Companies do not exist.

#### **Sale or Purchase between the Issuer Company and our Promoter Group companies**

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

#### **Companies for which an application have been made for striking off name**

There are no Companies in our group, which have made an application to the Registrar of Companies for striking off their name from the Registrar in India.

## RELATED PARTY TRANSACTIONS

For details on Related Party Transactions of our Company, please refer to Annexure 17 of restated financial statement under the section titled “Financial Information” on page 113 of the Draft Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividend is recommended by our Board of Directors depending upon number of factors, including but not limited to our profits, capital requirements and overall financial conditions, and shall be subject to the provisions of our Articles and Companies Act, 1956. The Board may also from time to time pay interim dividends. All dividend payments are made by cheques/demand drafts to the shareholders of our Company.

The dividends declared by our Company during the last five financial years have been presented below:

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Face Value of Equity Share (per share) (Rs.)	100.00	100.00	2.00	2.00	2.00
Interim Dividend on Equity Shares (Rs.)	-	-	-	-	-
Final Dividend on each Equity Share (Rs.)	-	-	-	0.10	0.15
Dividend Rate for Equity Shares (%)	-	-	-	5	7.5

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

**SECTION V: FINANCIAL INFORMATION**  
**FINANCIAL INFORMATION OF THE ISSUER COMPANY**  
**AUDITOR'S REPORT**

The Board of Directors,  
**TARAPUR TRANSFORMERS LIMITED**  
J - 20, MIDC, Tarapur Industrial Area,  
Boisar, Thane - 401506, Maharashtra

Dear Sirs,

1. We have examined the financial information of **TARAPUR TRANSFORMERS LIMITED** ("the Company") annexed to this report, as approved by the Board of Directors of the Company & Audit Committee of Board of Directors, prepared in terms of the requirements of :
  - a. Part II of Schedule II to the Companies Act, 1956 ('the Act');
  - b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date ('the SEBI Regulations '); and
  - c. The Guidance Note on Reports in Company Prospectuses and Guidance Note on audit Reports / Certificates on Financial information in Offer Documents Issued by the Institute of Chartered Accountants of India (ICAI).
  
2. We have examined the attached Restated Summary Statement of Assets and Liabilities of the company as at March 31, 2005, 2006, 2007, 2008, 2009 and August 31, 2009, examined by us, as set out in **Annexure 1 and the** Restated Summary Statement of Profit or Loss of the Company for the years ended March 31, 2005, 2006, 2007, 2008, 2009 and August 31, 2009, examined by us, as set out in **Annexure 2 and the** Restated Summary Statement of Cash flows of the Company for the years ended March 31, 2005, 2006, 2007, 2008, 2009 and August 31, 2009 , examined by us, as set out in **Annexure 4** to this report together referred to as "Restated Summary Statements". These summary statements have been extracted from the financial statements for the years ended March 31, 2005, 2006, 2007, 2008, 2009 and August 31, 2009 audited by us for those periods and have been adopted by the Board of Directors / Members and examined by us based on our examination of these summary statements, we state that The Restated Summary Statements have to be read in conjunction with the Significant Accounting Policies and notes forming part of accounts as appearing in **Annexure 3**. We further state that these Restated Summary Statements have been made after incorporating:
  - i. Adjustments for any material amounts in the respective financial years to which they relate; and
  - ii. Extra-ordinary items are disclosed separately in the Restated Summary Statements.
  - iii. Recomputation of Financial Statements in accordance with the correct accounting policies
  - iv. There was no change in accounting policies, which needs to be in the "Restated Summary Statements".
  - v. There are no revaluation reserves, which need to be disclosed separately in the "Restated Summary Statements".
  - vi. There are no audit qualification requiring adjustments in the "Restated Summary Statements".

3. We have also examined the following other financial information related to Tarapur Transformers Limited as at and for the years ended March 31, 2005, 2006, 2007, 2008, 2009 and August 31, 2009 as approved by the Board of Directors of the Company & Audit Committee of Board of Directors.
  - i. Significant Accounting Policies and notes forming part of accounts as appearing in Annexure to this report.
  - ii. Statement of Reserves & Surplus in Annexure 5 to this report.
  - iii. Statement of Dividends in Annexure 6 to this report.
  - iv. Mandatory Accounting Ratios as appearing in Annexure 7 to this report
  - v. Capitalization Statement as at August 31, 2009 as appearing in Annexure 8 to this report.
  - vi. Statement of Tax Shelters as appearing in Annexure 9 to this report.
  - vii. Statement of Secured Loans as appearing in Annexure 10 to this report.
  - viii. Statement of Unsecured Loans as appearing in Annexure 11 to this report.
  - ix. Statement of Details of Investment as appearing in Annexure 12 to this report
  - x. Statement of Sundry Debtors as appearing in Annexure 13 to this report
  - xi. Statement of Loans & Advances as appearing in Annexure 14 to this report
  - xii. Statement of Sundry Liabilities as appearing in Annexure 15 to this report
  - xiii. Statement of Other Income as appearing in Annexure 16 to this report
  - xiv. Statement of Related Party Disclosures as appearing in Annexure 17 to this report.
4. In our opinion, the "Financial information as per Audited Financial Statements" and "Other Financial Information" mentioned above have been prepared in accordance with Part II of Schedule II to the Act and the SEBI Regulations.
5. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public issue of the Company and is not to be used, referred to, or distributed for any other purpose without our prior written consent.
6. This report should not be in any way be constructed as a reissuance or redrafting of any of the previous audit reports issued by us or by any other firm of Chartered Accountants, nor should this report be constructed as a new opinion on any of the financial statements referred to herein.

For and on behalf of

**For Raman S. Shah & Associates**  
**CHARTERED ACCOUNTANTS**

**CA Raman S. Shah**  
**Partner**  
M. No.: 33272

Place: Mumbai  
Date: 25<sup>th</sup> September, 2009

## Annexure-01

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>Assets</b>						
Fixed Assets-Gross Block	1,451.11	1,313.10	678.28	230.29	227.25	227.25
Less: Depreciation	195.73	175.26	140.54	133.05	123.43	113.23
<b>Net Block (i)</b>	<b>1,255.37</b>	<b>1,137.84</b>	<b>537.75</b>	<b>97.24</b>	<b>103.81</b>	<b>114.02</b>
Less: Revaluation Reserve	-	-	-	-	-	-
Net Block after adjustment for Revaluation Reserve (A)	1,255.37	1,137.84	537.75	97.24	103.81	114.02
Capital Work in Progress (ii)	781.46	747.69	395.10	347.50	337.59	322.63
<b>Total (A) = (i+ii)</b>	<b>2,036.83</b>	<b>1,885.54</b>	<b>932.85</b>	<b>444.75</b>	<b>441.40</b>	<b>436.65</b>
<b>Deferred Tax Assets / (Liability) (B)</b>	<b>(81.37)</b>	<b>(66.66)</b>	<b>(37.72)</b>	<b>(25.32)</b>	<b>(18.53)</b>	<b>(12.02)</b>
<b>Investments (C)</b>	<b>-</b>	<b>0.89</b>	<b>0.89</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Assets, Loans and Advances</b>						
Inventories	681.24	655.27	540.00	154.34	190.19	106.91
Receivables	1,091.62	1,067.34	869.08	183.30	116.48	143.84
Cash & Bank Balances	410.83	98.14	88.47	206.18	18.08	20.18
Loans & Advances	667.64	317.97	241.74	42.55	13.70	18.19
<b>Total Current Assets (D)</b>	<b>2,851.33</b>	<b>2,138.72</b>	<b>1,739.29</b>	<b>586.37</b>	<b>338.45</b>	<b>289.11</b>
<b>Total Assets (E) = (A) + (B) + (C) + (D)</b>	<b>4,806.80</b>	<b>3,958.49</b>	<b>2,635.31</b>	<b>1,005.79</b>	<b>761.33</b>	<b>713.74</b>
<b>Liabilities &amp; Provisions</b>						
<b>Loan Funds</b>						
Secured Loans	2,189.50	1,438.86	333.81	-	364.12	406.04
Unsecured Loans	8.31	24.50	15.87	15.87	26.39	26.13
<b>Current Liabilities &amp; Provisions:</b>						
Current Liabilities	431.01	355.03	525.96	31.41	182.43	106.73
Provisions	130.06	178.87	129.49	3.69	2.37	0.42
<b>Total Liabilities &amp; Provisions (F)</b>	<b>2,758.89</b>	<b>1,997.25</b>	<b>1,005.13</b>	<b>50.98</b>	<b>575.31</b>	<b>539.33</b>
<b>Net Worth (E) - (F)</b>	<b>2,047.90</b>	<b>1,961.24</b>	<b>1,630.18</b>	<b>954.82</b>	<b>186.01</b>	<b>174.41</b>
<b>Represented By:</b>						
Share Capital	1,000.00	1,000.00	1,000.00	800.00	35.00	28.21
Share Application Money	600.00	590.00	388.44	-	-	24.00
Reserves & Surplus	451.79	375.58	247.73	154.82	151.01	122.20
Less: Revaluation Reserve	-	-	-	-	-	-
Reserves (Net of Revaluation Reserve)	451.79	375.58	247.73	154.82	151.01	122.20
Less : Misc. expenditure to the extent not written off	3.88	4.34	5.99	-	-	-
<b>Total Net Worth</b>	<b>2,047.90</b>	<b>1,961.24</b>	<b>1,630.18</b>	<b>954.82</b>	<b>186.01</b>	<b>174.41</b>

**Annexure- 02**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED**

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>Income</b>						
<b>Operating Income</b>						
Sales	1,285.47	2,661.25	1,231.63	310.45	132.97	212.51
Less : Excise Duty & Sales Tax	(77.45)	(260.22)	(166.83)	(18.81)	-	(16.02)
Other Income	0.19	0.13	3.53	11.34	1.08	1.10
<b>Total</b>	<b>1,208.22</b>	<b>2,401.16</b>	<b>1,068.34</b>	<b>302.98</b>	<b>134.05</b>	<b>197.59</b>
<b>Expenditure</b>						
Raw Material consumed	957.75	1,716.37	633.76	168.59	35.37	75.43
Other Manufacturing Expenses	38.35	143.37	70.95	35.09	9.94	26.54
Personnel Expenses	34.41	72.39	53.89	33.51	12.46	24.03
Office & Administration Expenses	15.37	38.78	29.13	16.44	5.36	6.44
Selling & Distribution Expenses	6.58	14.85	10.66	1.12	14.95	23.36
Bad Debts	-	-	17.08	-	-	-
Service Tax	1.05	17.07	-	-	-	-
Miscellaneous / Deferred Revenue expenditure written off	0.62	1.45	1.45	-	-	-
<b>Total</b>	<b>1,054.13</b>	<b>2,004.28</b>	<b>816.93</b>	<b>254.75</b>	<b>78.07</b>	<b>155.81</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>154.09</b>	<b>396.88</b>	<b>251.41</b>	<b>48.24</b>	<b>55.98</b>	<b>41.79</b>
Depreciation	20.47	34.72	7.48	9.62	10.20	10.20
<b>Profit before Interest &amp; Tax</b>	<b>133.61</b>	<b>362.17</b>	<b>243.93</b>	<b>38.62</b>	<b>45.78</b>	<b>31.58</b>
Interest & Financial Charges	16.50	26.51	12.59	26.38	25.31	33.89
<b>Net Profit before Tax</b>	<b>117.11</b>	<b>335.66</b>	<b>231.33</b>	<b>12.24</b>	<b>20.47</b>	<b>(2.31)</b>
Less: Provision for Tax-Current Tax	26.20	89.80	66.53	1.41	2.05	-
Deferred Tax	14.71	28.94	12.40	6.80	6.50	(0.71)
Fringe Benefit Tax	-	1.32	1.00	0.23	0.32	-
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>76.20</b>	<b>215.60</b>	<b>151.41</b>	<b>3.80</b>	<b>11.60</b>	<b>(1.60)</b>
Extraordinary Items (Net of Tax)	-	-	-	-	-	-
<b>Net Profit After Extraordinary Items</b>	<b>76.20</b>	<b>215.60</b>	<b>151.41</b>	<b>3.80</b>	<b>11.60</b>	<b>(1.60)</b>
Profit / (Loss) Brought Forward from Previous year	55.74	2.88	(40.03)	(43.83)	(55.43)	(53.83)
<b>Balance Available for Appropriation</b>	<b>131.94</b>	<b>218.48</b>	<b>111.38</b>	<b>(40.03)</b>	<b>(43.83)</b>	<b>(55.43)</b>
<b>Appropriation</b>						
Transfer to General reserve	-	75.00	50.00	-	-	-
Proposed Dividend	-	75.00	50.00	-	-	-
Tax on Proposed Dividend	-	12.75	8.50	-	-	-
<b>Profit / (Loss) Carried to Balance Sheet</b>	<b>131.94</b>	<b>55.74</b>	<b>2.88</b>	<b>(40.03)</b>	<b>(43.83)</b>	<b>(55.43)</b>

## ANNEXURE- 3

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT FOR PREPARATION OF RESTATED FINANCIAL STATEMENT

#### A. SIGNIFICANT ACCOUNTING POLICIES:

##### 1. Basis of Preparation of Financial Statements

- (a) The financial statements are prepared as per historical cost convention and in accordance with the generally accepted accounting principle in India, the provisions of the Companies Act, 1956 and the applicable accounting standards issued by the ICAI.
- (b) The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

##### 2. Use of Estimates

The preparation of financial statements requires use of estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and the estimate are recognized in the period in which the same are known / materialized

##### 3. Fixed Assets

Fixed Assets including Leasehold Land are recorded at cost. The Company capitalises all costs relating to Fixed Assets acquisition and installation and other financial cost till commencement of commercial Production. The Company has stated its Fixed Assets net of Cenvat/Value Added Tax.

The fixed assets are tested for impairment and there is no impairment loss.

##### 4. Depreciation / Amortization

- (a) Depreciation on all Tangible Assets are provided on Straight Line Method (SLM) as per Section 205(2) (b) of the Companies Act, 1956 at the rates described in Schedule XIV to the Companies Act, 1956.
- (b) Depreciation of Assets purchased or acquired during the year is provided on Pro-rata from the date of such additions and similarly on deletion from assets is calculated pro rata up to the date of deletion. Depreciation in the case of uninstalled Fixed Assets has not been provided.
- (c) Depreciation on assets, whose actual cost does not exceed Rupees Five Thousand each, has been provided @ 100% p.a.
- (d) No depreciation has been provided on Vat, Excise Duty, Education cess and Higher Education cess, which has been claimed as MODVAT.

##### 5. Inventories

- (a) Raw Material is valued at Cost in cases where our sales are protected with Price fall clause; otherwise, raw material is valued at cost or market value whichever is lower.
- (b) Work in Progress is valued at Cost Plus estimated value of overheads.
- (c) Finished Goods are valued at Cost or Net Realizable Value whichever is lower.

## 6. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impaired loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. At Present there is no impairment loss.

## 7. Foreign Exchange Transactions

- (a) Foreign Currency Transactions are expressed in Indian Currency at the rates Prevailing on the date of transaction. All the Foreign Currency Liabilities / Assets as at the Balance Sheet date are restated at the applicable exchange rates prevailing at that date.
- (b) Exchange differences arising on repayment of liabilities incurred for the purpose of acquiring fixed assets are adjusted with the carrying amount of the respective fixed assets.

## 8. Accounting of Cenvat Transactions

CENVAT benefit is accounted for on accrual basis on purchase of material & assets and incurring of expenses and appropriated against payment of Excise Duty on clearance of Finished Goods.

## 9. Taxation

Tax expenses for the year comprise of current tax and deferred tax. Current tax is measured after taking into consideration the deductions and exemptions admissible under the provision of Income Tax Act, 1961 and in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", issued by ICAI.

Deferred Tax assets or liabilities are recognized for further tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

## 10. Fringe Benefit Tax

Fringe Benefit Tax is recognized in accordance with the relevant provision of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the ICAI.

## 11. Recognition of Income and Expenditure

- (a) Incomes & Expenditures are generally accounted on Accrual as they are earned or incurred except Interest on taxes and duties which are accounted on payment basis or at the time of assessment, whichever is earlier.
- (a) Sales are accounted net of Sales Discounts, rebates, etc., if any and returns but inclusive of Excise Duty and Service tax, VAT, Sales Tax and Freight, Insurance.
- (b) Packing Material and Stores & Spares purchased are written off as expenses in the year of purchase.
- (c) Imports are recognized on presentation of Bill of Entry at the Customs or retiring the Import document which ever is earlier.
- (d) Material known liabilities are provided for on the basis of available information /estimate. Expenses are accounted on accrual basis and historical cost.

## 12. Employee Retirement Benefits

- (a) Company's contribution to Provident Fund is charged to Profit & Loss Account.
- (b) The amount of Gratuity liability for the year is charged to Profit & Loss account.
- (c) The provision for Gratuity and Leave Encashment is made as per Actuarial certificate and according to Accounting Standard -15 as issued by ICAI

### 13. Deferred revenue expenses:

Deferred Revenue Expenses include Expenses for share Issue and increase of Authorized Share Capital. These expenses being written off over period of 5 Years.

### 14. Tax on Dividend

Tax on distributable Profit by way of proposed dividend is accounted in the year to which the declared dividends relates.

### 15. Investments

The investments which are Long term Investments are stated at cost. Provision for diminution in the value of the long term investment is made only if such a decline is other than temporary in the opinion of the management. The current investments are carried at cost or market value which ever is lower.

### 16. Earning Per Share

The Company reports basic and diluted Earning Per Share (EPS) in accordance with Accounting Standard 20 on "Earning Per Share". Basic and Diluted EPS are Computed by dividing the net profit for the year attributable to equity share Holders by the number of equity shares outstanding during the year.

### 17. Contingent Liabilities

Contingent liabilities are disclosed by way of Notes forming part of accounts. Provisions is made in the accounts for those liabilities which are likely to materialise after the year end till the finalization of accounts and having effect on the position stated in the balance sheet as at the year end.

### 18. Borrowing Cost:

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one of that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

### (B) Notes Forming part of Accounts:

#### 1. Details of Deferred Tax assets and liabilities:

In view of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability/asset because of timing difference comprises of the following:

As Restated

(Rs. in lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Deferred Tax Liabilities / (Asset)	66.66	37.72	25.32	18.53	12.02	12.73
On account of Difference between book and Tax Depreciation	14.71	28.94	17.16	(1.93)	(4.34)	(1.16)
Disallowance on A/c of 40A \ 43B	-	-	-	4.76	(1.99)	(2.63)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Allowance on A/c of 40A \ 43B	-	-	(4.76)	3.97	0.79	-
Due to Adjustment of Carry Forward Losses	-	-	-	-	12.04	3.08
Deferred Tax Liabilities / (Asset)	81.37	66.66	37.72	25.32	18.53	12.02

**2. Details of Dues to Micro enterprises and Small enterprises:**

Under the Micro, Small and Medium Enterprise Development Act, 2006 certain disclosure is required to be made related to micro, small and medium enterprise. The company is in the process of compiling relevant information on the supplier about their coverage under the act. Since relevant information is not readily available, no disclosure is made in account.

**3. Segment Reporting**

The company primarily deals in the business of Manufacturing, Repair, refurbishment and upliftment of transformers and there are no material exports hence there is no need for separate disclosure for segment reporting in the context of Accounting Standard 17 issued by The Institute of Chartered Accountants of India.

4. In the opinion of the Board, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.
5. Computation of net profit in accordance with section 349 of the Companies Act, 1956 has not been given, as commission by way of percentage of profit is not payable for the year to any of the director of the company.

**6. Contingent Liabilities**

Guarantee given to Various Electricity Board Rs.5,75,09,745/- Margin of Rs.60,22,638.24 is available including interest (As on 31<sup>st</sup> March, 08 Guarantee Rs.2,70,68,509/- and Margin Rs. 53,74,640/-)

7. The provision for Gratuity and Leave Encashment is made as per Actuarial certificate and according to Accounting Standard -15 as issued by ICAI

**8. Reasons for restatement**

- a. In the restated statements, Cash Flow has been prepared for the financial year 2004-05 and 2005-06. As the company was eligible for exemption from preparation of cash flow for the above period and it exercised the same.
- b. Deferred Tax Asset / Liability has been recognized \ restated as under for the financial year 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 to comply with AS-22 issued by ICAI.

Particulars	31-8-09	31-3-09	31-3-08	31-3-07	31-3-06	31-3-05
As per balance sheet	81.37	55.54	25.55	(4.86)	(2.79)	-
As Restated	81.37	66.66	37.72	25.32	18.53	12.02
<b>Difference</b>	<b>Nil</b>	<b>11.12</b>	<b>12.17</b>	<b>30.18</b>	<b>21.32</b>	<b>12.02</b>

Further opening balance of Profit & Loss account has been adjusted to give the effect of opening deferred tax liability in F. Y. 2004-05.

**c. Prior Period Items**

During F. Y. 2005-06, 2006-07 and 2007-08 there was short provision of income tax, FBT and interest payable on that. An amount of Rs. 18,95,339/- was provided in the books of F. Y. 2008-09 for the above liability. The same has been restated to respective years.

Further opening balance of Profit & Loss account has been restated by Rs. 42,315/- originally provided in the books during F. Y. 2005-06 to give the effect of taxes paid for the period prior to 2004-05.

**ANNEXURE -04**  
**STATEMENT OF CASH FLOW, AS RESTATED**

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net profit before tax	117.11	335.66	231.33	12.24	20.47	(2.31)
Adjustment for:						
Add: Depreciation	20.47	34.72	7.48	9.62	10.20	10.20
Add: Interest Paid & financial charges	11.35	13.49	3.51	22.01	22.18	29.39
Less: Interest Received	(0.05)	-	-	-	(1.07)	(1.10)
Less: Dividend Received	(0.13)	(0.13)	(0.13)	-	-	-
Add: Amortization of deferred revenue / preliminary expenditure	0.46	1.65	1.45	-	-	-
<b>Operating Profit before Working capital changes</b>	<b>149.21</b>	<b>385.38</b>	<b>243.65</b>	<b>43.86</b>	<b>51.78</b>	<b>36.18</b>
<b>Adjustments for:</b>						
Decrease (Increase) in Trade & Other Receivables	(24.28)	(274.49)	(750.35)	(95.22)	27.36	50.15
Decrease (Increase) in Inventories	(25.97)	(115.26)	(333.33)	35.85	(83.28)	(3.62)
Decrease (Increase) in other Loans & Advances (Excluding TDS & Advance Tax)	(349.66)	-	-	-	0.17	2.81
Increase (Decrease) in Current Liabilities & Provisions	27.18	(229.42)	393.93	(151.47)	75.70	10.40
Miscellaneous Expenditure			(7.44)			
<b>Net Changes in Working Capital</b>	<b>(372.73)</b>	<b>(619.18)</b>	<b>(697.20)</b>	<b>(210.84)</b>	<b>19.95</b>	<b>59.74</b>
<b>Cash Generated from Operations</b>	<b>(223.52)</b>	<b>(233.80)</b>	<b>(453.56)</b>	<b>(166.98)</b>	<b>71.73</b>	<b>95.92</b>
Taxes	(26.20)	(70.99)	(0.23)	(0.32)	3.90	(2.65)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(249.71)</b>	<b>(304.79)</b>	<b>(453.79)</b>	<b>(167.29)</b>	<b>75.63</b>	<b>93.27</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Purchase of fixed assets	(171.77)	(987.41)	(319.98)	(12.97)	-	-
Capital Work In Progress	-	-	-	-	(14.95)	(16.35)
Sale of fixed assets	-	-	8.23	-	-	-
Interest Received	0.05	-	-	-	1.07	1.10
Dividend Received	0.13	0.13	0.13	-	-	-
Sale of Investments	0.89	-	0.44	-	-	-
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(170.70)</b>	<b>(987.28)</b>	<b>(311.18)</b>	<b>(12.97)</b>	<b>(13.88)</b>	<b>(15.24)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Issue of Share Capital (including Share Premium )	-	-	-	765.00	-	-
Share Application Money	10.00	201.56	-	-	-	-
Secured Loans Taken / (Repaid)	750.64	1,113.67	643.50	(374.64)	(41.92)	(57.18)
Unsecured Loans Taken / (Repaid)	(16.18)	-	-	-	0.27	1.07
Interest Paid	(11.35)	(13.49)	(3.51)	(22.01)	(22.18)	(29.39)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>733.11</b>	<b>1,301.74</b>	<b>639.99</b>	<b>368.35</b>	<b>(63.84)</b>	<b>(85.50)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>312.69</b>	<b>9.68</b>	<b>(124.97)</b>	<b>188.09</b>	<b>(2.09)</b>	<b>(7.47)</b>
Cash and cash equivalents at the beginning of the year / Period	98.15	88.47	206.18	18.09	20.18	27.65

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Cash and Cash Equivalents Acquired on Acquisition of business of Varsha Engineering	-	-	7.27	-	-	-
Cash and cash equivalents at the end of the year / Period	410.84	98.15	88.47	206.18	18.09	20.18

**Annexure- 05**  
**STATEMENT OF RESERVES & SURPLUS, AS RESTATED**

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Share Premium (A)	17.21	17.21	17.21	17.21	17.21	-
Capital Reserve (B) (Subsidy from Development Corporation of Kokan)	22.71	22.71	22.71	22.71	22.71	22.71
General Reserve (C )	279.92	279.92	204.92	154.92	154.92	154.92
Profit / (Loss) Carried Forward (D)	131.94	55.74	2.88	(40.03)	(43.83)	(55.43)
<b>Reserves &amp; Surplus (A+B+C+D)</b>	<b>451.79</b>	<b>375.58</b>	<b>247.73</b>	<b>154.82</b>	<b>151.01</b>	<b>122.20</b>

**Annexure- 06**  
**STATEMENT OF DIVIDENDS**

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
No. of shares	50,000,000	50,000,000	50,000,000	40,000,000	35,000	28,210
Face Value	2.00	2.00	2.00	2.00	100.00	100.00
Equity Share Capital	1,000.00	1,000.00	1,000.00	800.00	35.00	28.21
Rate of Dividend	Nil	7.50%	5.00%	Nil	Nil	Nil
Amount of Dividend	Nil	75.00	50.00	Nil	Nil	Nil
Corporate Dividend Tax	Nil	12.75	8.50	Nil	Nil	Nil

**Annexure- 07**  
**ACCOUNTING RATIOS**

(Rs. In lakhs)

Particulars	31.08.09 *	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Net worth ( A )	2,047.90	1,961.24	1,630.18	954.82	186.01	174.41
Adjusted Profit after Tax ( B )	76.20	215.60	151.41	3.80	11.60	(1.60)
Face Value Per Share	2	2	2	2	100	100
No. of shares outstanding at the end in Nos. ( C )	50,000,000	50,000,000	50,000,000	40,000,000	35,000	28,210
Weighted Average No. of Shares outstanding at the end ( D )	50,000,000	50,000,000	40,833,333	4,937,500	1,750,000	1,410,500

Particulars	31.08.09 *	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Weighted average number of shares outstanding - Diluted ( E )	50,000,000	50,000,000	40,833,333	4,937,500	1,750,000	1,410,500
Earnings per Share (EPS) (Rs.) Basic * 5 months ( B / D )	0.15	0.43	0.30	0.01	33.14	(5.67)
Earnings per Share (EPS) (Rs.) Diluted * 5 months ( B / E )	0.15	0.43	0.37	0.08	0.66	(0.11)
Return on Networth ( B / A ) * 5 months	3.72%	10.99%	9.29%	0.40%	6.24%	-0.92%
Net Assets Value per Share ( A / C )	4.10	3.92	3.26	2.39	531.46	618.27

Definitions of key ratios:

I. **Earnings per share (Rs.):** Net Profit for the year / period as restated attributable to equity shareholders / weighted average number of equity shares outstanding as at the end of the year / period. Earnings per share are calculated in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

II. **Return on Net Worth (%):** Net Profit for the year / period as restated / Networth.

III. **Net Worth:** Share Capital plus Reserve and Surplus (Excluding Revaluation reserves) Less Misc. & Deferred Revenue Expenditure to the extent not written off.

IV. **Net Asset Value (Rs.):** Net Worth / Number of equity shares outstanding at the end of the year / period.

V. **Net Profit,** as appearing in the statement of restated profits and losses, has been considered for the purpose of computing the above ratios.

#### Annexure -08

#### CAPITALISATION STATEMENT

(Rs. In Lakhs)

Particulars	Pre-issue as at 31.08.09	Post Issue *
<b>Borrowing</b>		
Short - Term Debt	692.92	( * )
Long - Term Debt	1,504.90	( * )
<b>Total Debt</b>	<b>2,197.82</b>	<b>( * )</b>
<b>Shareholders' Funds</b>		
Share Capital		
- Equity	1,000.00	
Less: Calls - in arrears	-	
- Preference	-	
Share Premium	17.21	
Reserves & Surplus	434.58	
Less: Miscellaneous Expenditure not written off	3.88	
<b>Total Shareholders Funds</b>	<b>1,447.90</b>	
<b>Long - Term Debt / Shareholders Fund</b>	<b>1.04</b>	

\* The Post Issue Capitalization will be determined only after the completion of the book building process and allotment of equity shares.

**Annexure- 09**

**STATEMENT OF TAX SHELTERS**

**(Rs. In Lakhs)**

<b>Particulars</b>	<b>31.08.09</b>	<b>31.03.09</b>	<b>31.03.08</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>
Profit before tax as per Restated P/L	117.11	335.66	231.33	12.24	20.47	(2.31)
Corporate Tax Rate	33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
Tax at Notional Rate	39.81	114.09	78.63	4.12	6.89	(0.85)
<b>Adjustments</b>						
Difference between Tax Depreciation and Book Depreciation	40.03	77.37	50.06	(5.74)	(6.52)	(3.16)
Amount Disallowed U/s 40 & 43 B	-	-	-	-	(14.14)	(7.57)
Amount Disallowed U/s 40 & 43 B in preceding year now allowable	-	-	-	14.14	-	-
Other Amount Disallowed in preceding year now allowable	-	-	-	-	2.36	-
Set off of Business Losses / Unabsorbed Depreciation			-	-	32.91	8.42
<b>Net Adjustments</b>	<b>40.03</b>	<b>77.37</b>	<b>50.06</b>	<b>8.40</b>	<b>14.61</b>	<b>(2.31)</b>
Tax Saving thereon	13.61	26.30	17.02	2.83	4.92	(0.85)
Tax Saving to the extent of Tax at Notional Rate	13.61	26.30	17.02	2.83	4.92	(0.85)
Tax Payable [A]	26.20	87.79	61.62	1.29	1.97	-
Tax Payable on Extraordinary Items [B]	-	-	-	-	-	-
Total Tax Payable [C=A+B]	26.20	87.79	61.62	1.29	1.97	-
Tax Payable under MAT (115JB of Income Tax Act, 1961) [D]	-	-	-	-	-	-
<b>Net Tax Payable [Higher of C &amp; D]</b>	<b>26.20</b>	<b>87.79</b>	<b>61.62</b>	<b>1.29</b>	<b>1.97</b>	<b>-</b>

**Annexure-10**

**STATEMENT OF SECURED LOANS**

**(Rs. In Lakhs)**

<b>Particulars Of Loans</b>	<b>31.08.09</b>	<b>31.03.09</b>	<b>31.03.08</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>
Working Capital Facilities	358.26	292.40	286.67	-	213.62	221.54
Term Loan	1,498.03	1,137.10	32.17	-	150.50	184.50
Other Term Loan	6.87	9.36	14.98	-	-	-
Buyers Credit	326.34	-	-	-	-	-
<b>Total Secured Loans</b>	<b>2,189.50</b>	<b>1,438.86</b>	<b>333.82</b>	<b>-</b>	<b>364.12</b>	<b>406.04</b>

**Principal terms of Secured Loans & Assets Charged as Security as on 31st August, 2009**

Lender	Type of facility	Sancti oned Amou nt	Outstanding as on 31.08.09	Rate of Interest	Repayment Terms	Details of Security
		Rs. In Crores	Rs. In Crores			
Indusind Bank Ltd. , Acme Plaza, Andheri - Kurla Road, Andheri (East), Mumbai 400059.	Working Capital					
	<b>Fund Based</b>	3.75	3.58	12.75%	12 Months	<b>Primary Security</b> - Hypo Of C.A. - R.M./ Wip/ F.G. - Book Debts (120 Days Usance) <b>Collateral Secutiry</b> - Hypo Of Movable F.A. At Boisar - E.M.Of Land And Building At Boisar - 50,000 Equity Shares Of Bilpower Ltd. - Personal Guarantee Of Mr. R.K. Choudhary - Letter Of Comfort From Bilpower Limited
	<b>Non Fund Based</b>	18.00				
	Letter Of Credit		0.08	1%		
	Buyer Credit		1.59	6m L + 1.75 %	6 Months	
	Bank Guarantee - TTL		2.29	1%		
	Bank Guarantee - V.E.		3.84	1%		
		<b>21.75</b>	<b>11.38</b>			
Standrad Chartered Bank, 90, M.G.Road, Fort, Mumbai	Term Loan	27.50	14.98	13.50% (Avg Cost)	5 Years	- Specific Charge On Plant & Machinery Financed Out Of Term Loan
						- Charge On Land &

Lender	Type of facility	Sanctioned Amount	Outstanding as on 31.08.09	Rate of Interest	Repayment Terms	Details of Security
						Building (2.50 Acres) At Village Pali, Wada
						- Corporate Guarantee Of Bilpower Limited
		<b>27.50</b>	<b>14.98</b>			
<b>Other Term Loans</b>	<b>Vehicle Loans</b>					
	- Innova	0.07	0.030		3 Years	<ul style="list-style-type: none"> <li>• Hypothecation Of Vehicle</li> <li>• Post Dated Cheques - 36 No</li> </ul>
	- Maruti Omni	0.02	0.0067		3 Years	<ul style="list-style-type: none"> <li>• Hypothecation Of Vehicle</li> <li>• Post Dated Cheques 36 No</li> </ul>
	- Tavera	0.09	0.032		3 Years	<ul style="list-style-type: none"> <li>• Hypothecation Of Vehicle</li> <li>• Post Dated Cheques - 36 No</li> </ul>
<b>Buyers Credit</b>						
State Bank Of India - D.N. Raod, Fort, Mumbai	Bills Discounting Backed By Letter Of Credit	0.017	0.017	8%	3 Months	Against The Security Of Letter Of Credit

**Annexure- 11**

**STATEMENT OF UNSECURED LOANS**

*(Rs. in Lakhs)*

Particulars Of Loans	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Unsecured Loans from Holding Company & Directors	-	15.50	-	-	-	-
Sales Tax - Deferred credit	8.31	9.00	15.87	15.87	15.87	15.87
Other Unsecured Loan	-	-	-	-	10.52	10.26
<b>Total Unsecured Loans</b>	<b>8.31</b>	<b>24.50</b>	<b>15.87</b>	<b>15.87</b>	<b>26.39</b>	<b>26.13</b>

**Annexure-12**

**DETAILS OF INVESTMENTS**

*(Rs .In Lakhs)*

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Investment in Co - op Bank of Baroda (8750 unquoted Equity Shares of FV Rs. 10)	-	0.89	0.89	-	-	-
<b>Total</b>	<b>-</b>	<b>0.89</b>	<b>0.89</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure-13**

**DETAILS OF SUNDRY DEBTORS**

*(Rs. In Lakhs)*

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
(A) Less than six months						
Considered good	722.92	686.34	666.32	84.86	41.16	52.40
Others	-	-	-	-	-	-
(B) More than six months						
Considered good	368.70	380.99	202.77	98.45	75.32	91.44
Others	-	-	-	-	-	-
<b>Total</b>	<b>1,091.62</b>	<b>1,067.34</b>	<b>869.08</b>	<b>183.30</b>	<b>116.48</b>	<b>143.84</b>

**Annexure-14**

**DETAILS OF LOANS & ADVANCES**

*(Rs. In Lakhs)*

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>A. Advances with Promoters, Directors &amp; Group Companies</b>						
With Holding Company	225.59	-	-	-	-	-
<b>B. Other than Related Parties</b>						
Advances Recoverable in cash or in kind or for value to be received	93.20	252.78	171.79	35.07	0.98	9.58
Deposits	321.81	52.70	47.89	2.05	8.42	-
Prepaid expenses	15.32	2.73	15.94	0.03	-	-
Advance Income Tax	11.70	9.77	6.12	5.40	4.29	8.61
<b>Total</b>	<b>667.64</b>	<b>317.97</b>	<b>241.74</b>	<b>42.55</b>	<b>13.70</b>	<b>18.19</b>

**Annexure-15**

**DETAILS OF CURRENT LIABILITIES & PROVISIONS**

*(Rs. In Lakhs)*

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>Sundry Creditors</b>						
Dues of Micro enterprises & Small Enterprises	-	-	-	-	-	-
Dues of Creditors other than Micro enterprises & Small Enterprises	382.29	307.66	512.38	16.05	138.19	88.36
Advance Received from Customers	35.66	22.00	-	-	27.62	-
Other Liabilities	13.06	25.37	13.58	15.36	16.62	18.37
<b>Total (A)</b>	<b>431.01</b>	<b>355.03</b>	<b>525.96</b>	<b>31.41</b>	<b>182.43</b>	<b>106.73</b>
<b>Provisions</b>						
Proposed Dividend	-	75.00	50.00	-	-	-
Tax on Dividend	12.75	12.75	8.50	-	-	-
Provision for Taxation	117.32	91.12	70.98	3.69	2.37	0.42
<b>Total (B)</b>	<b>130.06</b>	<b>178.87</b>	<b>129.48</b>	<b>3.69</b>	<b>2.37</b>	<b>0.42</b>
<b>Total (A+B)</b>	<b>561.08</b>	<b>533.90</b>	<b>655.44</b>	<b>35.11</b>	<b>184.80</b>	<b>107.16</b>

**Annexure-16**

**DETAILS OF OTHER INCOME**

*(Rs. In Lakhs)*

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Dividend	0.13	0.13	0.13	-	-	-
Interest	0.05	-	-	-	1.07	1.10
Sundry Balances W/back	0.01	-	3.40	-	-	-
Excess Sales Tax Provision	-	-	-	6.67	-	-
Miscellaneous Receipts	-	-	-	4.67	0.01	-
<b>Total</b>	<b>0.19</b>	<b>0.13</b>	<b>3.53</b>	<b>11.34</b>	<b>1.08</b>	<b>1.10</b>

**Annexure-17**

**DETAILS OF TRANSACTIONS WITH RELATED PARTIES**

**I. List of Related Parties**

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Party Where control Exists - Holding Company	Bilpower Limited	Bilpower Limited	Bilpower Limited	Bilpower Limited	-----	-----
Group Company	Niksan Engg. Co. Pvt. Ltd.	-----	-----			
Group Company	Choudhary Global Ltd.	Choudhary Global Ltd.	Choudhary Global Ltd.	Choudhary Global Ltd.	-----	-----

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Key Managerial Personnel	-----	-----	-----	Praful M. Shah	Praful M. Shah	Praful M. Shah
Key Managerial Personnel	-----	-----	-----	Nutan R. Shah	Nutan R. Shah	Nutan R. Shah
Key Managerial Personnel	-----	-----	-----	Rajesh V. Shah	Rajesh V. Shah	Rajesh V. Shah
Key Managerial Personnel	Mohan W. Randive	Mohan W. Randive	Mohan W. Randive	Mohan W. Randive	Mohan W. Randive	Mohan W. Randive
Key Managerial Personnel	Naresh Kumar Choudhary	Naresh Kumar Choudhary	Naresh Kumar Choudhary	Naresh Kumar Choudhary	-----	-----
Key Managerial Personnel	Rajendra Kumar Choudhary	Rajendra Kumar Choudhary	Rajendra Kumar Choudhary	Rajendra Kumar Choudhary	-----	-----
Enterprise controlled or managed by KMP or their relatives	Choudhary Stamping	Choudhary Stamping	Choudhary Stamping	Choudhary Stamping	-----	-----
Relative of KMP	Manjulata Choudhary	Manjulata Choudhary	Manjulata Choudhary	Manjulata Choudhary	-----	-----

## II. Transactions with Related Parties

(Rs. In Lakhs)

Particulars	31.08.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
<b>Revenue Items</b>						
<b>Debits (A)</b>						
<b>Purchase of Goods \ Fixed Assets</b>						
Holding Company	53.16	230.21	351.78	2.96	-	-
Group Company	47.09	159.19	8.23	-	-	-
<b>Payment of Remuneration</b>						
Key Management Personnel	2.71	6.51	6.77	3.32	-	-
<b>Payment of Labour Charges</b>						
Enterprise controlled or managed by KMP or their relatives	0.54	1.44	1.34	-	-	-
<b>Total (A)</b>	<b>103.50</b>	<b>397.35</b>	<b>368.12</b>	<b>6.27</b>	<b>-</b>	<b>-</b>
<b>Credits (B)</b>						
<b>Sale of Goods</b>						
Holding Company	-	2.01	-	-	-	-
Relatives of KMP	-	-	28.70	-	-	-
<b>Interest income</b>						
Group Company	3.58	-	-	-	-	-
<b>Total (B)</b>	<b>3.58</b>	<b>2.01</b>	<b>28.70</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non Revenue Items</b>						
<b>Debits (A)</b>						
<b>Loans &amp; Advances Given</b>						
Holding Company	-	-	147.26	-	-	-
Group Company	-	-	114.22	-	-	-

<b>Particulars</b>	<b>31.08.09</b>	<b>31.03.09</b>	<b>31.03.08</b>	<b>31.03.07</b>	<b>31.03.06</b>	<b>31.03.05</b>
Relatives of KMP	-	-	1.89	-	-	-
<b>Outstanding Receivable</b>						
Holding Company	225.59	-	-	-	-	-
<b>Total (A)</b>	<b>225.59</b>	<b>-</b>	<b>263.37</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Credits (B)</b>						
<b>Loans &amp; Advances Received</b>						
Holding Company	-	-	795.43	-	-	-
Group Company	-	-	16.78	-	-	-
Relatives of KMP	0.08	-	1.36	-	-	-
<b>Outstanding Payable</b>						
Holding Company	11.24	104.87	605.72	2.86	-	-
Group Company	17.84	-	8.23	-	-	-
Key Management Personnel	-	-	2.56	2.56	-	-
Relatives of KMP	-	-	1.34	-	-	-
<b>Share Application Money received</b>						
Holding Company	100.00	500.00	-	-	-	-
Group Company	-	90.00	-	-	-	-
<b>Total (B)</b>	<b>129.16</b>	<b>694.87</b>	<b>1,431.42</b>	<b>5.42</b>	<b>-</b>	<b>-</b>

**CHANGES IN ACCOUNTING POLICIES IN PAST THREE YEARS:**

There was no change in the Accounting Policies of the Company during last three years, which would materially affect the results of the Company.

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

The investors should read the following discussion of our financial condition and results of operations together with our audited financial statements for the financial years 2005, 2006, 2007, 2008, 2009 and for five months period ended 31<sup>st</sup> August 2009 including the notes thereto and the reports thereon which appear in the section titled "Financial Information" beginning on page 113 of this Draft Red Herring Prospectus.

The Financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations and restated as described in the report of our statutory Auditor viz. Raman S. Shah & Associates, Chartered Accountants, dated 25<sup>th</sup> September, 2009 in the section titled "Financial Information" beginning on page 113 of this Draft Red Herring Prospectus.

The fiscal year of our Company ends on 31<sup>st</sup> March of each year, so all references to a particular fiscal year are to the twelve (12) month period ended 31<sup>st</sup> day of that year.

### OVERVIEW OF THE BUSINESS

*Tarapur Transformers Limited was originally incorporated on 9<sup>th</sup> day of May 1988 as a Private Limited Company in the Name and Style of "Tarapur Transformers Private Limited". The name of the Company was changed to "Tarapur Transformer Limited" vide special resolution passed by members of the Company in their Extra Ordinary General Meeting held on 10<sup>th</sup> March, 2007 and a Fresh Certificate to this effect was obtained from Registrar of Companies, Maharashtra on 27<sup>th</sup> March 2007.*

*Tarapur Transformers Limited was initially promoted by Praful Dharia, Rajesh Kumar Shah, Praful Shah. In year 2006-2007 Bilpower Limited and its promoters acquired the entire voting rights in the Company followed by change in control and thus Bilpower Limited became the promoter of our Company.*

Our Company is currently engaged in the areas of manufacturing, rehabilitation, up-gradation, and refurbishment of transformers ranging from power & distribution transformer, Rectifier Transformer, Furnace Duty Transformer, Electric Locomotive Transformer, Electric Traction substation Transformer, Dry type transformer, Potential Transformer, Special purpose transformers. We are one of the players in Indian markets manufacturing & repairing of power & distribution transformers, focusing on quality, timely delivery and customization based on our engineering capabilities without any third party collaboration or technical assistance.

We manufacture Transformers up to 220 KV class, having an installed capacity of manufacturing of 1839.40 MVA & repairing of 1800 MVA per annum.

We currently operate through three manufacturing units located at MIDC, Boisar, Tarapur Industrial Area village Pali, At & PO - Posheri Taluka - Wada and L/25/5, GIDC Industrial Estate, Por- Ramnagamdi, Vadodara. Our Boisar unit mostly undertakes the repairing & refurbishment, rehabilitation & up gradation of transformers with the installed capacity of 600 MVA for manufacturing and 1200 MVA for repairing of transformers per annum. Our Pali unit is equipped with modern state of art infrastructure facilities & technology, which can undertake the manufacturing of 1200 MVA for manufacturing and 600 MVA for repairing of transformers per annum. Our Vadodara unit is engaged in manufacturing of Current Transformers Potential Transformer normally called as CTPT and Distribution Transformers ranging from 10 KV/11Kv to 100KV/11Kv with installed capacity of 39.40 MVA per annum.

### INDUSTRY OVERVIEW

Power is a critical component of any economy's infrastructure without which its development and growth is a big hindrance. An economy's growth, development and ability to handle global competition, all depends on the availability, reliability and quality of the power sector.

The Power Industry constitutes the following segments:

- Power Generation
- Power Transmission
- Power Distribution

### **Indian Transformer Industry**

A Transformer is a voltage changer, used to either step down or step up power depending on its installation base. There are largely two categories of transformers based on function i.e power and distribution transformers. Other special transformers that are differentiated on usage include on welding, traction, furnace etc. Many players have the capacity to manufacture up to 400kv, however with ultra mega power plants coming up, need for high rating transformers is felt, which has opened doors for 765kv ratings transformers.

A **power transformer** is installed at generation site up to the last substation just before distribution activities commence. This transformer is used to either step up or step down power to match voltage requirements they are oil-filled transformer with its range spanning from 11kv - 765kv. Power Transformer would account for about 65-68 % of the total value of the Transformer Industry.

A **distribution Transformer** is used to transfer power from a substation to the final point of consumption. The basic purpose of a distribution transformer is to provide end users with low voltage power. A distribution transformer could either be oil filled or dry type in nature, with range spanning from 1.1 to 11kv. Distribution transformer would account for the remaining 32-35 % of the total value of the transformer.

A **dry transformer** is used where there is a space constraint and higher chances of occurrence of fire. These are mostly used by industrial & corporate clients at software parks, hotels, hospitals, high rise buildings etc. These transformers are categorized as distribution transformers due to their nature of operation, i.e. at end users locations.

In India many players belong to the unorganized segment of the Industry and cater to small ratings distribution transformer demand. This is due to lack of infrastructure testing facilities, and technical skill sets available with them. However, over a period of time many of these small players moved up the value chain and graduated to the higher rating transformers. Despite this the number of players qualified for the larger variants of transformers is still small to serve upcoming demand expected over the forthcoming years.

### **FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS**

Our results of operations could potentially be affected by the following factors:

- Our ability to successfully commission the Expansion Project at the scheduled time;
- Our ability to manufacture the transformers as per the requirement of our clients;
- Our ability to continuously operate and maintain our manufacturing facilities optimally;
- Our ability to continue to source raw material at competitive rates for our existing transformer manufacturing plants;
- Our ability to manufacture transformers using the latest technologies in terms of modern materials, components and processes;

#### **Discussion on Results of Operation:**

The following discussion on results of operations should be read in conjunction with the restated financial results of our Company for the years ended 2005, 2006, 2007, 2008, 2009 and for five months period ended 31<sup>st</sup> August 2009

For five months period ended 31<sup>st</sup> August 2009

Particulars	5 Months (Rs. In Lakhs)	% of Total Income
Total Income	1,208.22	100.00
Expenditure (Excluding Depreciation ,Interest & Tax)	1054.13	87.25
Depreciation	20.47	1.69
Interest	16.50	1.37
Net Profit before Tax	117.11	9.69
Taxes	40.91	3.39
Net Profit after Taxes	76.20	6.31

**Result of operations as % of Income**

We had recorded the total income of Rs. 1208.22 Lakhs and the expenditure has accounted 87.25% of total income and represented a total amount of Rs. 1054.13 Lakhs. The depreciation and interest charges have accounted for 1.69% and 1.37% of total income respectively and taxes have accounted for 3.39% of total income. Our Company has recorded a net profit after tax of Rs.76.20 Lakhs during the five months period ended 31<sup>st</sup> August 2009

**Analysis on Results of Operation**

Considering the various Key Factors affecting our income and expenditure, our results of operations may vary from period to period. The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes to accounts, accounting polices and auditors report as appearing in this Draft Red Herring Prospectus.

Particulars	31.03.09	31.03.08	31.03.07	31.03.06
<b>Income</b>				
<b>Operating Income</b>				
Sales	2,661.25	1,231.63	310.45	132.97
Less : Excise Duty & Sales Tax	(260.22)	(166.83)	(18.81)	-
Net Sales	2401.03	1064.80	291.64	132.97
Increase/ (Decrease) (%)	125.49%	265.11%	119.33%	---
Other Income	0.13	3.53	11.34	1.08
Increase/ (Decrease) (%)	(96.32%)	(68.87%)	950.00%	---
<b>Total</b>	<b>2,401.16</b>	<b>1,068.34</b>	<b>302.98</b>	<b>134.05</b>
<b>Expenditure</b>				
Raw Material consumed	1,716.37	633.76	168.59	35.37
Increase/ (Decrease) (%)	170.82%	275.92%	376.65%	---
Other Manufacturing Expenses	143.37	70.95	35.09	9.94
Increase/ (Decrease) (%)	102.07%	102.19%	253.02%	---
Personnel Expenses	72.39	53.89	33.51	12.46
Increase/ (Decrease) (%)	34.33%	60.82%	168.94%	---
Office & Administration Expenses	38.78	29.13	16.44	5.36
Increase/ (Decrease) (%)	33.13%	77.19%	206.72%	---
Selling & Distribution Expenses	14.85	10.66	1.12	14.95
Increase/ (Decrease) (%)	39.31%	851.79%	(92.51%)	---
Bad Debts	-	17.08	-	-
Service Tax	17.07	-	-	-

Particulars	31.03.09	31.03.08	31.03.07	31.03.06
Miscellaneous / Deferred Revenue expenditure written off	1.45	1.45	-	-
<b>Total</b>	<b>2,004.28</b>	<b>816.93</b>	<b>254.75</b>	<b>78.07</b>
<b>Profit before Depreciation, Interest and Tax</b>	<b>396.88</b>	<b>251.41</b>	<b>48.24</b>	<b>55.98</b>
<b>Increase/ (Decrease) (%)</b>	<b>57.86%</b>	<b>421.17%</b>	<b>(13.83%)</b>	<b>---</b>
Depreciation	34.72	7.48	9.62	10.20
<b>Increase/ (Decrease) (%)</b>	<b>364.17%</b>	<b>(22.25%)</b>	<b>(5.69%)</b>	<b>---</b>
<b>Profit before Interest &amp; Tax</b>	<b>362.17</b>	<b>243.93</b>	<b>38.62</b>	<b>45.78</b>
<b>Increase/ (Decrease) (%)</b>	<b>48.47%</b>	<b>531.62%</b>	<b>(15.64%)</b>	<b>---</b>
Interest & Financial Charges	26.51	12.59	26.38	25.31
<b>Increase/ (Decrease) (%)</b>	<b>110.56%</b>	<b>(52.26%)</b>	<b>4.23%</b>	<b>---</b>
<b>Net Profit before Tax</b>	<b>335.66</b>	<b>231.33</b>	<b>12.24</b>	<b>20.47</b>
Less: Provision for Tax-Current Tax	89.80	66.53	1.41	2.05
Deferred Tax	28.94	12.40	6.80	6.50
Fringe Benefit Tax	1.32	1.00	0.23	0.32
<b>Net Profit After Tax &amp; Before Extraordinary Items</b>	<b>215.60</b>	<b>151.41</b>	<b>3.80</b>	<b>11.60</b>
<b>Increase/ (Decrease) (%)</b>	<b>42.39%</b>	<b>3884.47%</b>	<b>(67.24%)</b>	<b>---</b>
Extraordinary Items (Net of Tax)	-	-	-	-
<b>Net Profit After Extraordinary Items</b>	<b>215.60</b>	<b>151.41</b>	<b>3.80</b>	<b>11.60</b>
Profit Brought Forward from Previous year	2.88	(40.03)	(43.83)	(55.43)
<b>Balance Available for Appropriation</b>	<b>218.48</b>	<b>111.38</b>	<b>(40.03)</b>	<b>(43.83)</b>
<b>Appropriation</b>				
Transfer to General reserve	75.00	50.00	-	-
Proposed Dividend	75.00	50.00	-	-
Tax on Proposed Dividend	12.75	8.50	-	-
<b>Profit Carried to Balance Sheet</b>	<b>55.74</b>	<b>2.88</b>	<b>(40.03)</b>	<b>(43.83)</b>

#### COMPARISON OF FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2009 WITH FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2008

**Net Sales:** Our net sales for the financial year ended 31<sup>st</sup> March, 2009 was at Rs. 2401.03 Lakhs as against the total of Rs. 1064.80 Lakhs for the fiscal 2008 with an increase of 125.49% and such increase was attributed to rise in sales of transformers due to our continuing marketing efforts.

**Expenditure:** The consumption of raw material accounted for 71.48 % of net sales during the financial year ended 31<sup>st</sup> March, 2009 at Rs. 1,716.37 Lakhs as compared to 59.52% of Net Sales at Rs. 633.76 Lakhs for the fiscal 2008. While in the fiscal 2009, manufacturing expenses was at Rs. 143.37 Lakhs and accounted 5.97% of Net sales as compared to 6.66% of Net Sales at Rs. 70.95 Lakhs in the fiscal 2008.

The administrative expenses have registered increase of 33.13% at Rs. 38.78 Lakhs in fiscal 2009 as compared to Rs.29.13 Lakhs for the fiscal 2008 due to higher base of revenue and the Personnel Expenses have registered increase of 34.33% at Rs. 72.39 Lakhs in fiscal 2009 as compared to Rs. 53.89 Lakhs in fiscal 2008. The Selling and distribution expenses have registered an increase of 39.31% at Rs. 14.85 Lakhs as compared to Rs. 10.66 Lakhs in fiscal 2008.

The overall increase in the expenditure has resulted due to increase in the turnover and volume of operations of the Company.

**Depreciation:** Depreciation has accounted for Rs. 34.72 Lakhs with an increase of 364.17% in fiscal 2009 as compared to Rs. 7.48 in the fiscal 2008 the increase is attributed mainly due to additions in line of the fixed assets.

**Interest Charges:** The interest cost of company has registered increase of 110.56% for the financial year 2009 at Rs.26.51 Lakhs as against Rs.12.59 Lakhs for the financial year 2008 and such rise is attributed to increase in borrowings made by the Company.

**Profits after Taxes (PAT):** PAT of company has recorded a jump of 42.39% with Rs. 215.60 Lakhs for fiscal 2009 as against Rs. 151.41 Lakhs for fiscal 2008 due to higher base of revenue and optimal utilization of resources.

#### **COMPARISON OF FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2008 WITH FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2007**

**Net Sales:** Our Net Sales for the fiscal 2008 was at Rs. 1064.80 Lakhs registering an increase of 265.11% as against Rs. 291.64 recorded in fiscal 2007 due to increase in orders and marketing efforts.

**Expenditure:** The consumption of raw material accounted for 59.52% of net sales during the financial year ended 31<sup>st</sup> March, 2008 at Rs. 633.76 Lakhs as compared to 57.81% of Net Sales at Rs. 168.59 Lakhs for the fiscal 2007. While in the fiscal 2008, manufacturing expenses was at Rs. 70.95 Lakhs and accounted 6.66% of Net sales as compared to 12.03% of Net Sales at Rs. 35.09 Lakhs in the fiscal 2007.

The administrative expenses have registered increase of 77.19% at Rs. 29.13 Lakhs in fiscal 2008 as compared to Rs.16.44 Lakhs for the fiscal 2007 due to higher base of revenue. Personnel Expenses have registered increase of 60.82% at Rs. 53.89 Lakhs in fiscal 2008 as compared to Rs. 33.51 Lakhs in fiscal 2007. The Selling and distribution expenses have registered an increase of 851.79% at Rs. 10.66 Lakhs in fiscal 2008 as compared to Rs. 1.12 Lakhs in fiscal 2007.

The overall increase in the expenditure has resulted due to increase in the turnover and volume of operations of the Company.

**Depreciation:** Depreciation has accounted for Rs. 7.48 Lakhs with a decline 22.25% in fiscal 2008 as compared to Rs. 9.62 Lakhs in the fiscal 2007.

**Interest Charges:** The interest cost of company has registered decline of 52.26% for the financial year 2008 at Rs.12.59 Lakhs as against of Rs.26.38 Lakhs for the financial year 2007 due to decrease in utilization of borrowings during the fiscal 2008.

**Profits after Taxes (PAT):** PAT of company has recorded a jump of 3884.47% with Rs. 151.41 Lakhs for fiscal 2008 as against Rs. 3.80 Lakhs for fiscal 2007 due to higher base of revenue and optimal utilization of resources.

#### **COMPARISON OF FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2007 WITH FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2006**

**Net Sales:** Our Net Sales for the fiscal 2007 was at Rs. 291.64 Lakhs registering an increase of 119.33% as against Rs. 132.97 recorded in fiscal 2006.

**Expenditure:** The consumption of raw material accounted for 57.81% of net sales during the financial year ended 31<sup>st</sup> March, 2007 and at Rs. 168.59 Lakhs as compared to 26.60% of Net Sales at Rs. 132.97 Lakhs for the fiscal 2006. While the other manufacturing expenses was at Rs. 35.09 Lakhs during the financial year ended 31<sup>st</sup> March, 2007 registering an increase of 253.02% as compared to Rs. 9.94 Lacs in fiscal 2006.

The administrative expenses have registered increase of 206.72% at Rs. 16.44 Lakhs in fiscal 2007 as compared to Rs.5.36 Lakhs for the fiscal 2006 due to higher base of revenue and the Personnel Expenses has registered increase of 168.94% at Rs. 33.51 Lakhs in fiscal 2007 as compared to Rs. 12.46 Lakhs in fiscal 2006. The Selling and distribution expenses have registered an decline of 92.51% at Rs. 1.12 Lakhs in fiscal 2007 as compared to Rs. 14.95 Lakhs in fiscal 2006.

**Depreciation:** Depreciation has accounted for Rs. 9.62 Lakhs with decline of 5.69% in fiscal 2007 as compared to Rs. 10.20 Lakhs in the fiscal 2006. This decline is mainly attributed to decrease in depreciation vehicle that has been fully exhausted in the fiscal 2005-06 and no major depreciation has been charged in fiscal 2007.

**Interest Charges:** The interest cost of company has marginally increased by 4.23% for the financial year 2007 at Rs.26.38 Lakhs as against of Rs.25.31 Lakhs for the financial year 2006

**Profits after Taxes (PAT):** PAT of company has recorded a decline of 67.24% with Rs. 3.80 Lakhs for fiscal 2007 as against Rs. 11.60 Lakhs for fiscal 2006 this decline is attributed mainly due to overall increase in expenditure as this being the first year of operation after change in control and being in transit phase.

#### Other Information required as per SEBI Regulations

- ***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

- ***Significant economic changes that materially affected or are likely to affect income from continuing operations***

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations. Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

- ***Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***

Apart from the Risks disclosed under the section titled "Risk Factors" no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

- ***Future changes in relationship between costs and revenues in case of events such as future increase in Labour or material cost or prices that will cause material change.***

According to our knowledge, there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However Increase in the cost of the products in which the Company deals, will affect the profitability of the Company. Further, the Company is not able to pass on the increase in prices of the product to the customers in full. This can be offset through cost reduction.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices***

The increase in revenues is by and large linked to increases in volume of all the activities carried out by the company.

- ***Total turnover of each major industry segment in which the Company operated***

The Company operates significantly in only one Industry Segment i.e Manufacturing and repairing of transformers.

- ***Status of any publicly announced New Products or Business Segment***

The Company has not announced any new products or business segment.

- ***The extent to which our Company's business is seasonal.***

Our business is not seasonal and no major cyclical trends are observed in this industry.

- ***Any significant dependence on a single or few suppliers or customers***

Our company is not under threat of dependence from any single supplier or customer.

- ***Competitive conditions***

The Indian Transformer Industry is quite competitive. The Transformer industry is highly fragmented with large number of players from organized and unorganized players operating. Further the presence of Players in unorganized segment catering to the smaller rating distribution Transformer demand, over a period of time, have moved up the value chain and graduated to higher rating transformers, this further increases the level of competition in the Industry for providing much better quality transformer at cost effective prices. Our operations in the Transformer industry also compete with those of other well-established players, some of whom have been in operation for a longer period of time than us who have developed Brand Name in the Industry over the years. The Company faces competition not only form Domestic Market but also form International players namely FKI group, GE, Hitachi and Toshiba who have their presence in this space who manufacture cost effective transformer but some large players from china also seeks for venturing in Indian Market to take advantage of high demand thereby increasing the competition.

With the scenario becoming more competitive and many players entering in the Industry SEBs are forced to be more price sensitive. Hence they are subscribing to competitive bidding route.

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 the competitors. Some of our major competitors in the organized sector include Siemens Limited, Bharat Bijlee, ABB Limited, Crompton Greaves Limited, Transformers & Rectifiers (India) Limited, Indo Tech Transformers Limited and Emco Limited.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated herein, there are no outstanding or pending litigation, suits, civil prosecution, criminal proceedings or tax liabilities against our Company, our Directors, our Promoters and Promoter Group and there are no defaults, non-payment of statutory dues, over dues to banks and financial institutions, defaults against bank and financial institutions and there are no outstanding debentures, bonds, fixed deposits or preference shares issued by our Company; no default in creation of full security as per the terms of the issue, no proceedings initiated for economic or other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956), and no disciplinary action has been taken by SEBI or any stock exchanges against our Promoters, our Directors or Promoter Group Companies.*

*Further, as stated below, there are no show-cause notices, claims served on our Company, our Promoters, our Directors or Promoter Group Companies from any statutory authority/ revenue authority that would have a material adverse affect on our business.*

#### I. Cases filed by our Company

##### *Civil Cases*

There are no civil proceedings filed by our Company against any Person.

##### *Criminal Cases*

There are no criminal proceedings filed by our Company against any Person.

#### II. Cases filed against our Company

##### *Civil proceedings*

1. Mr. Ramji Devu Gimbhal, an adivasi had owned land bearing Gut No.139 admeasuring 0.-21-0. Said Mr. Gimbhal desired exchange of the property held by M/s Tarapur Transformers Pvt. Ltd. for its land bearing Gut No.37 admeasuring 0-28-0. Application for exchange of the said land was made before the Additional Collector, Thane on furnishing complete details vide application dated 14<sup>th</sup> September 2000 by Mr. Rajesh V. Shah, former Director of M/s Tarapur Transformers Pvt. Ltd. and application of said Mr. Ramji Devu Gimbhal, owner of property bearing Gut No.139. Both the parties also furnished affidavit on oath on 2<sup>nd</sup> July 2001 to the Tahasildar, Wada, Taluka Wada in respect of exchange of the property by each other without any consideration. Application was moved for expeditious transfer / exchange of plots by M/s Tarapur Transformers Pvt. Ltd., before the Tahasildar, Wada. The Hon'ble Tahsildar referred the matter before the Sub Registrar of Assurances, Bhiwandi and requested for ready reckoner to arrive at the market value of the property. The matter is still pending disposal before the Additional Collector of Jawar, Thane.

##### *Criminal Proceedings*

2. M/s Elite Roadways Private Limited of Kalyan has filed a case (RCC No. 399/2007) under Section 420 read with Section 34 of Indian Penal Code before the Judicial Magistrate First Class Court at Palghar against our Company, erstwhile promoters i.e. Mr. P M Shah, Mr. R V Shah and our Whole Time Director Mr. Mohan W Ranadive claiming non payment of Rs. 97,523/- and also accused us to transport the goods with the intention of not making the payment of freight. The parties have submitted their arguments and the matter is currently pending before the Judicial Magistrate First Class for further hearing at Palghar.

#### III. Income tax proceedings against our Company

##### 1. A.Y. 2001-2002

Our Company has filed an appeal before the Income Tax Appellate Tribunal, Mumbai against the original order issued under section 143(3) of the Income Tax Act passed by Assistant Commissioner of Income Tax Palghar Circle, (ACIT) and Appellate Order issued by CIT-II (Appeal), Thane. Our Company has filed the said appeal for the following:

- i. The CIT(A) has erred in confirming the addition of Rs. 5,01,034 on the ground Provident fund has been paid after due date.
- ii. The CIT (A) has erred in confirming the addition of Rs. 20,116/- on the ground of personal use of Telephone.
- iii. The CIT (A) has erred in confirming the addition of Rs. 20,000/- Staff Welfare expenses without assigning the reasons thereof.
- iv. The CIT (A) has erred in confirming the addition of Rs. 36,312/- on the ground that there is no agreement for incurring expenditure on officials of MSEB by appellant.
- v. The CIT (A) has erred in confirming the addition of Rs. 24,323/- for vehicle expenses and depreciation on the ground that there is no proper logbook maintained.
- vi. The CIT (A) has erred in confirming the addition of Rs. 38,505/- for deduction of section 80HHC the Income Tax Act.

#### **IV. Litigations involving our Promoters Bilpower Limited**

##### **Cases filed against Bilpower Limited**

###### *Civil Cases*

There are no civil proceedings filed against Bilpower Limited.

###### *Criminal Cases*

There are no criminal proceedings filed against Bilpower Limited

##### **Cases filed by Bilpower Limited**

###### *Civil Cases*

There are no civil proceedings filed by Bilpower Limited against any person.

###### *Criminal Cases*

Bilpower Limited has filed a Legal Case for recovery of Rs. 17,58,321/- together with Cost and Charges against M/s. Sri Basaveswara Engineering Works u/s 138 and 142 of The Negotiable Instrument Act, 1938. The matter has been filed with Judicial Magistrate, Dadra and Nagar Haveli, Silvassa. The Hon'ble Court has ordered issuance of Non Bailable Warrant against the proprietor of the firm.

#### **V. Income tax proceedings against our Promoters**

##### A.Y. 2005-2006

Income Tax Department through its Assistant Commissioner of Income Tax 9(1) has filed an appeal before the Income Tax Appellate Tribunal Mumbai, against the order issued by CIT-IX (Appeal), Mumbai. The Income Tax department has filed the said appeal for the following:

- i. The CIT (Appeal) has erred in deleting the disallowances of interest of Rs. 83,293/-made by assessing officer.
- ii. The CIT (Appeal) has erred in holding that the Bilpower Ltd. is entitled to deduction u/s 80IB of Income Tax Act of amounting Rs. 3,84,39,255/-

#### **VI. Indirect tax proceedings against our Promoters**

1. Directorate General of Central Excise has conducted a search of the factory premises of Bilpower Limited. situated at Gala No. 2,3,4,5 survey no. 2/2/2, Madhuban Dam Road, Village-Karad, Silvassa. Further Directorate General of Central Excise in exercise of powers conferred by Section 110 of the Customs Act, 1962 has confiscated the goods (251329 kg of secondary CRGO Electric Steel Sheets valued by them at Rs. 58 per kg and waste & scrap of 22610 kg valued by them at Rs. 14 per kg) worth Rs. 1,48,93,622/- on 02/09/09 under the provision of Central Excise Act, 1944 alleging absence of documents. The matter shall come for hearing in due course of time.

2. Our promoter Bilpower Limited has filed an appeal before the Custom Excise Service Tax Appellate Tribunal, Mumbai against the order issued by Commissioner of Custom (Port) Kolkata in respect of wrong classification of “Silicon Electrical steel Strips/Cutting Materials dismantled from old and used Transformers” imported by Bilpower Limited and against the redemption fine of Rs. 10 Lacs and penalty of Rs. 1 Lac.

## **VII. Litigations by and against Group Companies/Entities**

### *Civil Cases*

There are no civil proceedings filed by or against our Promoter Group Companies / Entities.

### *Criminal Cases*

There are no criminal proceedings filed by or against our Promoter Group Companies / Entities except as under :

#### Nik -San Engineering Company Private Limited (Nik-San)

1. Mr. Govind Padvi who was employed as the driver of Nik-San had an accident involving death of Mr. Rajendra Kumar Patel on 16th July, 1999 and Nik- San has terminated the services of Mr. Govind Padvi. The wife of Mr. Rajendra Kumar Patel has filed a complaint vide Case No: 750 of 2003 against Mr. Padvi, Nik-San and director of Nik-San i.e. Mr. Naresh Kumar Choudhary. The matter is currently pending before the court and shall come up for hearing in due course of time.

#### Labour Law Cases:

There are no labour law proceedings filed by or against our Promoter Group Companies / Entities except as under :

#### Nik -San Engineering Company Private Limited (Nik-San)

1. Mr. Hasmukh Rohit ex-employee of Nik-San has filed a complaint vide Case No. 727 of 1999 before the Labour Court alleging dismissal without notice and sought for reappointment with full wages and arrears. In this matter, Nik-San stated that Mr. Rohit has voluntarily left services and was not reporting to his duties. The matter was referred before the Labour Commissioner vide Case No. 741 of 2001 under the Industrial Dispute Act.  
  
The matter is currently at the stages of cross examination and shall come up for hearing in due course of time.
2. Mr. Chandravadan Dahyabhai Doshi has filed a case against Nik-San for reinstatement with back wages. Labour Court, Gujarat has ordered for reinstatement of Mr. Doshi with 30% back wages. Nik-San, went in appeal before the Hon'ble High Court, Gujarat under Special Civil Application No.20589 of 2007 and simultaneously Mr. Chandravadan D. Doshi also preferred an appeal before the High Court, Gujarat claiming reinstatement with 100% back wages. The Hon'ble High Court, Gujarat vide order dated 6 August 2009 confirmed the decision/award of the Labour Court directing the reinstatement of Petitioner to the original post. The matter regarding payment of back wages is pending in the Court.

#### **Income tax proceedings against Group Companies/Entities**

There are no pending Income Tax proceedings against Group Companies.

## **VIII. Litigations by and against our Directors**

### *Civil Cases*

1. Mr. Pankaj Parekh by virtue of power of attorney from Transtamp Laminators Pvt. Ltd. has sold a piece of plot bearing survey number 238/1 at Village Alinda, Taluka Kalol, District Panchmahal, Gujarat to Mr. Naresh Kumar Choudhary. Meanwhile Transtamp Laminators Pvt. Ltd converted in to a partnership firm and got the mutation entry converted from Pvt Ltd. to that of partnership firm vide mutation entry No.2596 on 4 May 1994. Further partner of reconstituted firm issued a power of attorney in favour of Mr. Sanjay R. Jindal. Mr. Sanjay R. Jindal by virtue of the said power of attorney wrongfully created third party interest in respect of the said plot of land to and in favour

of Mr. Sameer Ismail Bazarwala and Mr. Abdul Rauf Hussain Bhagat. It is further noted that said Mr. Sameer Ismail Bazarwala and Mr. Abdul Rauf Hussain Bhagat had also wrongly got the mutation entry in respect of the said property transferred to their name vide Mutation Entry No.2882 of 8 April 2008. Our Director Mr. Naresh Kumar Choudhary has filed an appeal Under Section 203 of Land Revenue Act against the wrongful transfer of the said property before the Deputy Collector (Prant Office), Godhra, Gujarat for cancellation of the said mutation entry No.2882 of 2008 as the said property was lawfully owned by Mr. Naresh Kumar Choudhary. The Matter is currently pending for disposal.

Apart from as detailed in above paras, there are no litigations whether Civil or Criminal involving our Directors except as detailed above.

**IX. Litigations by and against promoters of Bilpower Limited (other than directors in our Company)**

*Civil Cases-*

*Mr. Suresh Kumar Choudhary*

1. Mr. Suresh Kumar Choudhary had purchased a plot of land bearing survey No.226 Part 236 and 237 situated at Mouje Alindra, Taluka Kalol, District Panchmahal, Gujarat from Mr. Pankajbhai Shantilal Parekh, the original owner of land under the deed of conveyance dated 2 November 2007. Mr. Pankajbhai Parekh has under a deed of conveyance dated 10- December 2007 sold assigned and transferred the said property in favour of Mrs. Purnima Jitendra Shah without any authority to do so. Mr. Suresh Kumar Choudhary approached the Mamletdar of Taluka Kalol, Gujarat for transfer of the mutation entry in respect of the said property in his favour consequent to the sale and transfer of the said property by the owner of the land in his favour.

Mr. Suresh Kumar Choudhary has also filed an appeal under section 203 of Land Revenue Act before the Deputy Collector, (Prant Office) of Godhra, Gujarat against the Mamletdar for not transferring the mutation entry in favour of him. In the said appeal, the Hon'ble Deputy Collector has ordered to issue notice to the other side and the matter is pending before the concerned authorities.

**MATERIAL DEVELOPMENT**

In the opinion of the Board of Directors of our Company, there have not arisen, since the date of the last audited financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or value of assets or our ability to pay material liabilities within the next twelve (12) months. In accordance with SEBI requirements, our 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.

## GOVERNMENT AND OTHER APPROVALS

*Based on the indicative list of approvals provided below, Our Company can undertake this Issue and its current business activities. Our Company will not require any other major approval from any Government or regulatory authority to undertake the Issue or continue these activities. Unless otherwise mentioned below, these approvals are valid as of the date of this Draft Red Herring Prospectus.*

### I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors has pursuant to a resolution adopted at its meeting held on 25<sup>th</sup> September, 2009, authorized the Issue, subject to the approval of the shareholders of the Company under Section 81(1A) of the Companies Act and such other authorities as may be necessary.
2. The shareholders of the Company have pursuant to a resolution under Section 81(1A) of the Companies Act approved at its Extra Ordinary General Meeting held on 26<sup>th</sup> October, 2009 authorized the Issue.
3. Our Company has obtained in-principle listing approvals dated [•] and [•] from BSE and NSE respectively.
4. ISIN No.: [•]

### II. Approvals obtained by our Company

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
1.	Registrar of Companies, Maharashtra, Mumbai	Certificate of Incorporation.	11-47303	9 <sup>th</sup> May, 1988	One Time Registration
2.	Registrar of Companies, Maharashtra, Mumbai	Fresh Certificate of Incorporation consequent upon Change of name on conversion to Public Limited Company	(CIN) U99999MH1988PLC047303	27 <sup>th</sup> March, 2007	One Time Registration
3.	Income Tax Department	Permanent Account Number (PAN).	AACCT5456G	9 <sup>th</sup> May, 1988	One Time Registration
4.	Income Tax Department	Tax Deduction Account Number (TAN).	PNET04282F	----	One Time Registration

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
5.	Service Tax Department	Service Tax Registration Certificate (Form ST - 2) for payment of service tax on transportation of goods of Boisar Unit	AACCT5456GST001	5 <sup>th</sup> December, 2007	One Time Registration
6.	Service Tax Department	Service Tax Registration Certificate (Form ST - 2) for payment of service tax on transportation of goods of Pali Unit	AACCT5456GST002	11 <sup>th</sup> December, 2007	One Time Registration
7.	Service Tax Department	Service Tax Registration Certificate (Form ST - 2) for payment of service tax on transportation of goods of Vadodara Unit	AACCT5456GST003	19 <sup>th</sup> March, 2009	One Time Registration
8.	Tax Collector	Professional Tax.	PT/R/1/2/4/745	27 <sup>th</sup> March, 1992	One Time Registration
9.	Commercial Tax Department, Government of Maharashtra	Certificate of registration in Form B certifying that our Company has been registered under section 7(1)/7(2) of the Central Sales Tax Act, 1956.	27830072484 C	1 <sup>st</sup> April, 2006	One Time Registration
10.	Commercial Tax	Taxpayer Identification	27830072484 V	1 <sup>st</sup> April, 2006	One Time Registration

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Department, Government of Maharashtra	Number (TIN) certifying that our Company has been registered as a dealer under the Maharashtra Value Added Tax, 2002			
11.	Commercial Tax Department, Government of Gujarat	Registration under Gujarat Value Added Tax Act, 2003	24191700710	1 <sup>st</sup> December, 2008	One Time Registration
12.	Central Excise Department	Central Excise Registration Certificate Under Rule 9 of the Central Excise Rules, 2002 of Boisar Unit	AACCT5456GXM001	24 <sup>th</sup> July, 2007	One Time Registration
13.	Central Excise Department	Central Excise Registration Certificate Under Rule 9 of the Central Excise Rules, 2002 of Pali Unit	AACCT5456GXM002	12 <sup>th</sup> September, 2007	One Time Registration
14.	Central Excise Department	Central Excise Registration Certificate Under Rule 9 of the Central Excise Rules, 2002 of Vadodara Unit	AACCT5456GXM003	5 <sup>th</sup> December, 2008	One Time Registration
15.	Central Sales Tax Department	Central Sales Tax (Registration and Turnover) Rules, 1957 of Vadodara Unit	24691700710	1 <sup>st</sup> December, 2005	One Time Registration
16.	Directorate of Industrial Security & Health, Government of Maharashtra	Factory License Registration under Factory Act, 1948 of Boisar Unit	Vasai-2 (m) (i) -31102086666	7 <sup>th</sup> September, 1998	31 <sup>st</sup> December, 2009
17.	Directorate of	Factory License	003565	21 <sup>st</sup> May,	21 <sup>st</sup> May,

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Industrial Security & Health, Government of Gujarat	Registration under Factory Act, 1948 of Vadodara Unit		2004	2011
18.	Regional P.F. Commissioner	Registration under Employees Provident fund and Misc. Provisions Act, 1952	MH/90125/PF/APP/ZONE /VIII/65	1st May, 1993	One Time Registration
19.	Transpacific Certifications Limited, accredited by Joint accreditation System of Australia and New Zealand, vide Accreditation No. S2640303 IN	ISO 9001-2000 for Manufacturing and Repairing of Electrical Power Transformers & Distribution Transformer	3404	19 <sup>th</sup> November, 2007	2 <sup>nd</sup> November, 2010
20.	Ministry of Commerce, Government of India	License for Import and Export	0307049213	18 <sup>th</sup> September, 2007	One Time Registration
21.	Ministry of Commerce & Industry, Government of India	IEM Acknowledgment for production of Transformers	1832/SIA/IMO/2007	25 <sup>th</sup> June, 2007	One Time Registration
22.	Electricity Department	Electric License	21788	22 <sup>nd</sup> November, 2007	31 <sup>st</sup> December, 2009
23.	Maharashtra Pollution Control Unit	Consent Under the Water (P&CP) Act, 1974, Air (P&CP) Act, 1981 and Hazardous Waste Management Rules for Pali Unit	MPCB/ROK/KCA/0/CC/100	11 <sup>th</sup> September, 2008	31 <sup>st</sup> July 2010
24.	Maharashtra Pollution	Consent Under the Water (P&CP) Act,	SROTI/SAT/0/CC/278	30 <sup>th</sup> September,	30 <sup>th</sup> September,

No.	Issuing Authority	Nature of License / Approval	Registration/ License No.	Date of granting License/ Approval	Validity
	Control Unit	1974, Air (P&CP) Act, 1981 and Hazardous Waste Management Rules for Boisar Unit		2008	2011

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Shareholders of Tarapur Transformers Limited had approved the present Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, 1956 passed at the Extra Ordinary General Meeting of our Company held on 26<sup>th</sup> October 2009.

The Board of Directors has authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue. The IPO Committee has approved and authorized the Draft Red Herring Prospectus pursuant to its resolution dated 5<sup>th</sup> December, 2009, the Red Herring Prospectus pursuant to its resolution dated [•] and the Prospectus pursuant to its resolution dated [•].

Our Board has approved this Draft Red Herring Prospectus at its meeting held on 5<sup>th</sup> December, 2009.

### Prohibition by SEBI

The Company, its Promoters, its Directors or any of the Company's Associates or Group Companies and companies with which the Directors of the Company are associated as Directors or Promoters, or Directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

### Prohibition by RBI

Our Company, our Promoter, Promoting Companies, their relatives, Group Concerns and Associate Companies have not been detained as willful defaulters by the RBI or any other government authorities.

### Eligibility for the Issue

The Company is eligible for the Issue as per regulation 26(1) of SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009 as confirmed by the Auditors of the Company, Raman S. Shah & Associates, Chartered Accountants, dated 12<sup>th</sup> November, 2009 as explained under:

- Tarapur Transformers Limited has a net tangible assets of at least Rs. 3 Crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- Tarapur Transformers Limited has a pre-Issue net worth of at least Rs. 1 crore in each of the three preceding full years (of 12 months each);
- Tarapur Transformers Limited has a track record of distributable profits as per Section 205 of Companies Act, 1956, for at least three out of the immediately preceding five years;
- Tarapur Transformers Limited the proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2009;
- Tarapur Transformers Limited has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per the restated unconsolidated financial statements are as under:

(Rs. in Lakhs)

Particulars	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
Net Profit	195.60	151.92	13.01	20.55	(2.31)
Net Worth	1382.36	1272.88	985.42	204.62	186.86
Net Tangible Assets (a)	3343.49	1881.01	996.43	595.13	619.03
Monetary Assets (b)	98.15	88.47	206.18	18.08	20.18
Monetary Assets as a % of Net Tangible Assets	2.94%	4.70%	20.69%	3.04%	3.26%

**Note:**

*(1) Distributable profits of the Company as per Section 205 of the Companies Act have been calculated from Restated Financial Statements.*

*(2) Net worth includes Equity Share Capital and Reserves, (Net of Miscellaneous Expenditure not written off, if any) .*

*(3) Net tangible assets is defined as sum of Fixed Assets (including capital work in progress and excluding revaluation reserve), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities).*

*(4) Monetary assets include Cash in hand and deposits with Bank.*

The Company satisfies all the eligibility criteria, laid down in regulation 26(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. However, the Company is doing a “voluntary book-building issue” wherein the Company proposes to allot up to 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

The promoters and the natural persons behind the promoters, the Company, Group Companies, Directors of Tarapur Transformers Limited are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

The promoters and the natural persons behind the promoters, the Company, Group Companies, Directors of Tarapur Transformers Limited are not debarred from SEBI or any other authority from accessing the capital Market.

None of the Directors of Tarapur Transformers Limited are associated with securities market.

No penalty has been imposed by SEBI and other regulatory bodies against the Company, its Directors, its promoters and companies promoted their Directors.

Tarapur undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

**SEBI DISCLAIMER CLAUSE**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE 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 MERCHANT BANKER, COMFORT SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE 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 INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER COMFORT SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 5<sup>th</sup> DECEMBER, 2009 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 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 FULFILL THEIR UNDERWRITING COMMITMENTS.

(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 AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE 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.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE- NOT APPLICABLE AS THE OFFER SIZE IS MORE THAN 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT ONLY.

(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.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

The Promoter / Director of Tarapur Transformers Limited, Mr. Naresh Kumar Choudhary, Mr. Rajendra Kumar Choudhary, Mr. Mohan Waman Ranadive, Mr. R.G. Subramanian, Mr. Vinod Kumar Agrawal and Mr. Anil Kumar Nevatia confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Draft Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the Companies Act.

**Caution- Disclaimer from the Issuer and the Book Running Lead Manager**

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in this DRHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website : [www. tarapurtransformers.com](http://www.tarapurtransformers.com) would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated 29<sup>th</sup> October, 2009 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

**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), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations.

Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Disclaimer Clause of CRISIL**

A copy of this Draft Red Herring Prospectus has been submitted to CRISIL. The Disclaimer clause as intimated by CRISIL to us, post scrutiny of this Draft Red Herring Prospectus shall be included in Red Herring Prospectus prior to Roc filing.

**Disclaimer Clause of Bombay Stock Exchange Limited (the Designated Stock Exchange)**

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. [●] dated [●] permission to the Company to use the Exchange’s name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

**Disclaimer Clause of National Stock Exchange of India Limited**

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. [●] dated [●] permission to the Issuer to use the Exchange’s name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Issuer’s

securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 Crores at the time of listing). The Exchange has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Filing of Prospectus with the Board and the Registrar of Companies**

1. A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.
2. A copy of Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the ROC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Maharashtra, Mumbai.

#### **Listing**

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this DRHP. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 7 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the Basis of Allotment for the Issue.

#### **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

"Any person who:

- (a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- (b) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five (5) years."

#### **Consents**

The written consents of Directors, Company Secretary & Compliance Officer, Book Running Lead Manager to the Issue, Legal Advisor to the Issue, Registrar to the Issue, Auditors and Grading agency to act in their respective capacities have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration with the ROC.

Raman S. Shah & Associates., Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this DRHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this DRHP.

#### Expert Opinion

Except as stated in “Statement of Tax Benefits”, the Company has not obtained any expert opinion.

#### Public Issue Expenses

The Management estimates an expense of Rs. [●] Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

No.	Particulars	Amount (Rs. In Lakhs)
1.	Fees of Lead Manager, Registrar, Legal Advisor, Auditors, Tax Auditors, etc.	[●]
2.	Printing & Stationery, Distribution, Postage, etc	[●]
3.	Underwriting Commission, Brokerage & Selling Commission	[●]
4.	Advertisement & Marketing Expenses	[●]
5.	Other Expenses (incl. Filing Fees, Listing Fees, Depository Charges, etc.)	[●]
6.	IPO Grading Expenses	[●]
7.	Contingencies	[●]
<b>Total</b>		[●]

#### Details of Fees Payable

Particulars	Amount (Rs. in Lakhs)	% of Total Issue Expenses	% of Total Issue Size
Lead Manager/s to the Issue	[●]	[●]	[●]
Registrar to the Issue	[●]	[●]	[●]
Bankers to the issue	[●]	[●]	[●]
Others	[●]	[●]	[●]
<b>Total</b>	[●]	[●]	[●]

#### Fees Payable to Book Running Lead Manager/s to the Issue

The total fees payable to the Lead Manager will be as per the Engagement Letters from our Company to the BRLM and Memorandum of Understanding signed with the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

#### Fees Payable to the Registrar to the Issue

The fees payable by the Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/ refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with the Company dated 25<sup>th</sup> September, 2009.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

#### Underwriting commission, brokerage and selling commission

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission

shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page 34 of this DRHP.

#### Previous Public or Rights Issue

There have been no public or rights issue by our Company during the last five years.

#### Previous issue of shares otherwise than for cash

The Company has issued 1,00,00,000 (One Crore) equity shares having Face Value of Rs. 2/- each to Manjulata Choudhary on 17<sup>th</sup> March, 2008 for acquisition of M/s. Varsha Engineers (Proprietorship Concern) as full and final purchase consideration.

#### Commission and Brokerage paid on previous issues of our Equity Shares

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

#### Capital issue during the last three years

Tarapur Transformers Limited and its Group Companies have not made any capital issue during the last three years.

#### Listed Ventures of Promoters

Except Bilpower Limited, our promoters do not have any listed ventures.

#### Promise vis-à-vis Performance - Last one Issue of Group / Promoter Companies

Our Promoter Bilpower Limited has come up with Public Issue of 13,22,000 Equity Shares of Rs. 10/- each for cash at par aggregating to Rs. 132.20 Lacs. The Issue opened on 25<sup>th</sup> January, 1996. The objects of the issue were: To part finance the cost of the project to manufacture CRGO Laminations, Aluminum wires/Strips and copper wires/Strips, To meet the expenses of the present issue, To finance long term working capital margin requirements, To finance the acquisition of corporate office premises and sale depot at Bombay, To enlist the shares of the company on the recognized stock exchanges. The proceeds of the issue was deployed for purpose it was raised.

The Promise versus Performance in respect of the public issue was as under:

(Rs. In lakhs)

Particulars	1996-1997		1997-1998		1998-1999	
	Projected	Performance	Projected	Performance	Projected	Performance
Turnover	1442.45	1499.08	1622.76	1588.23	1642.99	1057.91
Profit Before Tax	154.05	123.33	168.64	83.83	173.47	86.65
Profit After Tax	139.05	121.23	148.64	83.83	153.47	86.65
Reserves & Surplus	133.26	118.40	231.90	202.23	335.37	288.88
Earnings per share	2.78	2.42	2.97	1.68	3.07	1.73

#### Reasons for deviation in Promise versus Performance

**Year 1996-1997:** The variation between Projected and actual figures is attributed to mainly due to cost over runs which is due to high cost of raw materials i.e CRGO Sheets/coils and other raw materials and high administration and selling expenses. The reduction in actual profits has also been attributed to change in method of depreciation from Straight Line Method to Written Down Value Method.

**Year 1997-1998:** The variation in the projected and actual figures has resulted on account of increased cost of production and also due to sluggishness in the market, late realization from customers and due to economic as well as financial crisis faced by the Industry as a whole.

**Year 1998-1999:** The variation in the projected and actual figures has resulted on account of cost overruns and due to sluggishness in the market, late realization from customers i.e Electricity Boards and due to economic as well as financial crisis faced by the Industry as a whole which has affected the overall

performance of the Company.

#### **Outstanding debentures or bonds and redeemable preference shares and other instruments**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the Company as on the date of this DRHP.

#### **Stock Market Data for our Equity Shares**

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

#### **Investor grievances and redressal system**

The Company has appointed the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue, namely, Bigshare Services Private Limited, will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-coordinating with the Registrar to the Issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

<b>Sr. No.</b>	<b>Nature of Complaint</b>	<b>Time Table</b>
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non receipt of share certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details.

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Astha Rathi, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. She can be contacted at the following address:

Ms. Astha Rathi  
Compliance Officer & Company Secretary  
**Tarapur Transformers Limited**  
J-20, MIDC Tarapur,  
Industrial Area Boisar,  
Thane, Maharashtra, India-401506  
Tel: 952525 - 272996  
Fax: 952525 - 271181  
Website: [www. tarapurtransformers.com](http://www.tarapurtransformers.com);  
E-mail: [complianceofficer@tarapurtransformers.com](mailto:complianceofficer@tarapurtransformers.com)

**Investors Grievances Mechanism of our Promoter i.e. Bilpower Limited:**

Bilpower Limited follows investment grievance mechanism as per the listing agreement. For redressal of investor grievances, it has nominated its Company Secretary as the compliance officer. The compliance officer is responsible for attending to investor queries and complaints. Bilpower Limited received two (2) complaints during the period from 01/04/2008 to 31/03/2009 and all the complaints were resolved to the satisfaction of the investors. Bilpower Limited received no complaints during the period from 01/04/2009 to 31/10/2009 and there were no queries pending to be replied / addressed as at 31/10/2009.

**Changes in auditors**

There has been no change in the auditor of the Company since past three (3) years.

**Capitalization of reserves or profits during last five (5) years**

Our Company has not capitalized any reserve during last five (5) years.

**Revaluation of assets during the last five (5) years**

Our Company has not revalued its assets during the last five (5) years.

## SECTION VII: ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

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

#### AUTHORITY FOR THE ISSUE

Our Board of Directors have pursuant to resolution passed at its meeting held on 25<sup>th</sup> September, 2009 authorised the Issue subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act. The Shareholders of our Company had approved the present Issue vide a special resolution passed at the Extra Ordinary General Meeting held on 26<sup>th</sup> October, 2009.

The Board pursuant to its resolution dated 1<sup>st</sup> September, 2009 has authorized a committee of its Directors referred to as IPO Committee to take decisions on behalf of the Board in relation to the Issue. The IPO Committee has approved and authorized the Draft Red Herring Prospectus pursuant to its resolution dated 5<sup>th</sup> December, 2009.

#### RANKING OF EQUITY SHARES

The Equity Shares being offered 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 of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment.

#### MODE OF PAYMENT OF DIVIDEND

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

#### FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. [●] and the Cap Price is Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares subject to the applicable laws.

#### 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 annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a public listed company under the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.

#### MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one (1) equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

#### **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 death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the Registrar and Transfer Agent of the Company.

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

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

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

#### **Bid/Issue Programme**

##### *Bidding Period/ Issue Period*

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

Bids and any revision in Bids shall be accepted only between 10.00 a.m. to 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders where the Bid Amount is in excess of Rs. 1,00,000 and (ii) until 5.00 p.m. or such extended time as permitted by the BSE and the NSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 1,00,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the BSE and the NSE.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai.

**MINIMUM SUBSCRIPTION**

If we do not receive the minimum subscription of 90% of the Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

**ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

**RESTRICTION ON TRANSFER OF SHARES**

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See “Main Provisions of our Articles of Association” on page 200 of this Draft Red Herring Prospectus.

## ISSUE STRUCTURE

Public Issue of 85,00,000 Equity Shares of face value Rs.10/- each for cash by the Company issued at a price of Rs.[●] per Equity Share, aggregating Rs. [●]Lacs (hereinafter referred to as the “Issue”). The Issue would constitute 43.59 % of the fully diluted post Issue paid-up capital of the Company. The Issue is being made through the 100% Book Building Process:

This Issue is being made through a 100% book building process and the details of the Issue Structure are as follows.

Particulars	QIBs	Non-Institutional Bidders	Retail individual Bidders
Number of Equity Shares*	Up to 42,50,000 equity Shares will be allotted to QIBs	Not less than 12,75,000 Equity Shares shall be available for allocation	Not less than 29,75,000 Equity Shares shall be available for allocation
Percentage of Issue Size Available for allocation	Up to 50% of the Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs	Not less than 15% of the Issue or Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Issue or Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of Allocation if respective category is oversubscribed	Proportionate (a) 2,12,500 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 40,37,500 Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid#	Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds Rs 1,00,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.1,00,000.

<b>Particulars</b>	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail individual Bidders</b>
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply**	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors and sub accounts registered with SEBI, other than a sub account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds(subject to applicable law) with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs in accordance with applicable law and National Investment Fund	Resident Indian individuals, HUFs (in the name of Karta), eligible NRI's, companies, corporate bodies, scientific institutions, societies and trusts, sub account of FII's registered with SEBI, which are Foreign Corporate or Foreign Individuals	Resident Indian Individuals (including HUFs in the name of Karta) and eligible NRI's
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of	Margin Amount applicable to Non Institutional Bidder at the time of submission of Bid-cum-Application	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid - cum - Application Form to the Member of Syndicate.***

Particulars	QIBs	Non-Institutional Bidders	Retail individual Bidders
	Syndicate	Form to the Member of Syndicate	
Margin Amount	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

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

\*\* 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.

\*\*\* Resident Retail Individual Investor is also eligible to apply through ASBA process, for details please refer Section “ASBA Process” on page 191 of this Draft Red Herring Prospectus.

If the aggregate demand by Mutual Funds is less than 2,12,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

#### Notice to QIBs: Allotment Reconciliation and Revised CANs

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

#### Withdrawal of this Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The Stock Exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an Initial Public Offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

#### Bidding/Issue Programme

BID/ISSUE OPENS ON	[●]
BID/ISSUE CLOSES ON	[●]

Bids and any revision in Bids shall be accepted only between 10.00 a.m. to 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 1,00,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 20% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

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

## ISSUE PROCEDURE

### BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a 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 at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject the Bids only on technical grounds.

### BID CUM APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid-cum-Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs and FIIs applying on a repatriation basis	Blue
ASBA Form	ASBA-White

### WHO CAN BID

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;

- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the 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;
- FIs registered with SEBI
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and regulations, as applicable);
- FIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Any other QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulations, guidelines and approvals in the Issue.
- Multilateral and Bilateral Development Financial Institutions;
- 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; and

As per the existing regulations, OCBs cannot participate in this Issue.

**Note:** The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

The information below is given for the benefit of the Bidders. Our Company and the Book Runners do not accept responsibility for the completeness and accuracy of the information stated. Our Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for does not exceed the limits prescribed under laws or regulations.

## **Participation by associates of the BRLM and the Syndicate Members**

The BRLM and 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 Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

## **Bids by Mutual Funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 2,12,500 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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.

**As per the current regulations, the following restrictions are applicable for investments by mutual funds:**

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

## **Bids by Eligible NRIs**

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

## **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 paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

### **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) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investor can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

### **Bids by ASBA Investor**

For ASBA process, please refer section "ASBA Process" on page 191 of the Draft Red Herring Prospectus.

### **MAXIMUM AND MINIMUM BID SIZE**

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders 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):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin Amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

**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 this Red Herring Prospectus.**

### Information for the Bidder:

1. The Company will file the Red Herring Prospectus with the Designated Stock Exchange at least 3 (three) days before the Bid/ Issue Opening Date.
2. The Company and the BRLM shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English and Hindi). The Company may not disclose the floor price or price band in the Red Herring Prospectus if the same is disclosed at least two working days before the opening of the bid, by way of an announcement in all the newspapers in which the pre-issue advertisement was released by the Company or the BRLM.
3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Corporate Office or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. For ASBA process, please refer section “ASBA Process” in the Draft Red Herring Prospectus.
8. The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
9. The Price Band has been fixed at Rs.[●] to Rs.[●] per Equity Share of Rs. 10 each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re.1 (One)
10. The Company in consultation with the BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Regulations. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
11. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.
12. The Company in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

## **METHOD AND PROCESS OF BIDDING**

1. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” on page 170 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Bids at Different Price Levels and Revision of Bids” on page 170 of this Draft Red Herring Prospectus.
3. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”) for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
4. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.
5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” on page 176 of this Draft Red Herring Prospectus.
6. For ASBA Process, please refer section “ASBA Process” on page 191 of this Draft Red Herring Prospectus.

## **BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

1. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB and Non- Institutional Bidders and such bids shall be liable to be rejected.
2. 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 Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. 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 higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants

to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band 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 such Bidder is deemed to have approved such revised Bid at Cut-off Price.

4. 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.
5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
6. Revision option is not available to ASBA investor. For details, please refer section "ASBA Process" in this Red Herring Prospectus.
7. During the Bidding/ Issue 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.
8. Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. The Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
9. The Bidder can make this revision any number of times during the Bidding/ Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had place the original Bid.
10. 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.
11. Any revision of the Bid shall be accompanied by payment in the form of cheques 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. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheques or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
12. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of revision of the original bid.**

#### **ELECTRONIC REGISTRATION OF BIDS**

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. The NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-

line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the investor
  - Investor category - Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
  - Number of Equity Shares Bid for;
  - Bid price;
  - Bid-cum-Application Form number;
  - Whether Margin Amount has been paid upon submission of Bid-cum-Application Form;
  - Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/allotted either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should 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 and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 179 of this Draft Red Herring Prospectus.
8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.
9. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

#### **BIDS AND REVISIONS OF BIDS**

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians, blue color for NRIs and FIIs applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount of Rs. 100,000.

4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs.100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
5. Bids by NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purpose of allocation.
6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. 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.
10. Revision option is not available to ASBA investor. For details, please refer section “ASBA Process” in the Red Herring Prospectus.

## GENERAL INSTRUCTIONS

### DO's:

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the Resident Bid cum Application Form (white in color) or Non-Resident Bid cum Application Form (blue in color);
3. Ensure that the details about Depository Participant and beneficiary account are correct as allotment of Equity Shares will be in the dematerialized form only;
4. 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. In case 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.
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
6. Ensure that you have been given a TRS for all your Bid options;
7. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
8. Ensure that the Bid is within the Price Band;
9. Each of the bidders, should mention his/her Permanent Account Number (PAN) allotted under the IT Act;
10. Ensure that Demographic details (as defined herein below) are updated true and correct in all respects.

### DON'Ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid Amount to less than the lower end of the Price Band or higher than the higher end of the Price Band;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay the Bid Amount in cash; by money order or by postal order or by stockinvest;
5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
6. Do not Bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders, for bid amount in excess of Rs. 100,000);

7. Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
8. Do not submit Bid accompanied with Stock invest.
9. Do not submit GIR number instead of PAN as Bid is liable to be rejected on this ground.
10. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

#### **Instructions for Completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate. For ASBA process, please refer section “ASBA Process” on page 191 of the Draft Red Herring Prospectus.

#### **BIDDER’S DEPOSITORY ACCOUNT & BANK ACCOUNT DETAILS**

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as “Demographic Details”). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Bank shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.**

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the beneficiary’s identity, then such Bids are liable to be rejected.

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

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

#### **BIDS UNDER POWER OF ATTORNEY**

1. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
2. In case of Bids made pursuant to a Power of Attorney by FIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
3. In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
4. In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

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.

#### **PAYMENT INSTRUCTIONS**

##### **Escrow Mechanism**

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. 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 Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

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

For ASBA Process, please refer section “ASBA Process” on page 191 of this Draft Red Herring Prospectus.

#### **TERMS OF PAYMENT AND PAYMENT INTO ESCROW ACCOUNT**

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled “Terms of Payment and Payment into the Escrow Account” on page 176 of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled “Issue Structure” on page 161 of this Draft Red Herring Prospectus. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.
2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in -Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
  - (a) In case of Resident QIB Bidders: [●]
  - (b) In case of Non Resident QIB Bidders: [●]
  - (c) In case of Resident Retail and Non-Institutional Bidders: [●]
  - (d) In case of Non Resident Retail and Non-Institutional Bidders: [●]
4. In case of Bids by Eligible NRI’s applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.
5. In case of Bids by NRI’s 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 Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (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.
6. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, 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.

7. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated/Allotted will be refunded to the Bidder from the Refund Account.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.
9. For ASBA Process, please refer section "ASBA Process" on page 191 of this Draft Red Herring Prospectus.

#### **PAYMENT BY STOCK INVEST**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated 5<sup>th</sup> November, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **SUBMISSION OF BID CUM APPLICATION FORM**

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCSB with whom the bank account to be blocked, is maintained. For further details pertaining to ASBA process, please refer section "ASBA Process" in this Draft Red Herring Prospectus.

#### **OTHER INSTRUCTIONS**

##### **Joint Bids in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

##### **Multiple Bids**

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

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally be identified as multiple applications.

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

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

#### **PERMANENT ACCOUNT NUMBER OR PAN**

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground. **Unique Identification Number ("UIN")**

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

Therefore, MAPIN is not required to be quoted with the Bids.

#### **Our Right to Reject Bids**

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds.

Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

#### **GROUND FOR TECHNICAL REJECTIONS**

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

- Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- Bank account details (for refund) are not given;
- Age of First Bidder not given;
- 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;
- Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- PAN not stated or copy of GIR number furnished instead of PAN. See the section titled "Issue Procedure - PAN or GIR Number" beginning on page 165 of this Draft Red Herring Prospectus;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds Rs.100,000;
- Bids for number of Equity Shares, which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/ money order/postal order/cash;
- Signature of sole and/or joint Bidders missing;
- Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- Bid cum Application Form does not have the Bidder's depository account details;
- Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids by QIBs not submitted through members of the Syndicate;
- Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- Bids by OCBs;
- Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulations under the Securities Act; and
- Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- Bids through ASBA process by Non-institutional & QIB Bidders

#### **PRICE DISCOVERY AND ALLOCATION**

- i. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
- ii. Our Company in consultation with the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.

- iii. The allocation to QIBs will be upto 50% of the Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not less than 15% and 35% of the Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- iv. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than 2,12,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

Under-subscription, if any, in any category, would be met with spill over from other categories at our sole discretion in consultation with the BRLM.
- v. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- vi. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- vii. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- viii. The allotment details shall be put on the website of the Registrar to the Issue.

#### **SIGNING OF UNDERWRITING AGREEMENT AND FILING WITH THE DESIGNATED STOCK EXCHANGE**

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

#### **FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES**

We will file a copy of the Prospectus with the Registrar of Companies, in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **ANNOUNCEMENT OF PRE-ISSUE ADVERTISEMENT**

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations in two widely circulated newspapers (one each in English & Hindi).

#### **ADVERTISEMENT REGARDING ISSUE PRICE AND PROSPECTUS**

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

## **ISSUANCE OF CONFIRMATION OF ALLOCATION NOTE (CAN)**

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation 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 Individual and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that the date of Allotment of the Equity Shares to all Bidders, in all categories, shall be done on the same date.
2. The BRLM or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the Allocation Amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
4. The issue of a CAN is subject to "Notice to QIBs: Allotment Reconciliation and Revised CANs" as set forth below.

### **Notice to QIBs: Allotment Reconciliation and Revised CANs**

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

### **DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the successful Bidders depository account within 2 working days of the date of allotment.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of 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.**

## **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

As per the provisions of Section 60B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

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

- (a) an agreement dated [•] between NSDL, the Company and Registrar to the Issue;
- (b) an agreement dated [•] between CDSL, the Company and Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. 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.
6. 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.
7. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialized form only for all investors in the Demat segment of the respective Stock Exchanges.

## **DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY**

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) or instructions to Self Certified Syndicate Banks by the Registrar to the Issue, in Application Supported by Blocked Amount process and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit, RTGS or through unblocking the relevant bank accounts, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The 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 seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 15 (fifteen) working days of the Bid/Issue Closing Date;

- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) working days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen) days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

#### **Interest on refund of excess Bid Amount**

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 15 working days from the Bid/ Issue Closing Date.

#### **IMPERSONATION**

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

“Any person who:

- a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five (5) years.”

#### **BASIS OF ALLOTMENT**

##### **A. For Retail Individual Bidders**

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
2. The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this portion is less than or equal to 29,75,000 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.
4. If the aggregate demand in this category is greater than 29,75,000 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 allocation, refer below.

##### **B. For Non-Institutional Bidders**

1. Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
2. The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

3. If the aggregate demand in this category is less than or equal to 12,75,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 12,75,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

**C. For QIB Bidders**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the 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 5% of the QIB Portion shall be determined as follows:
    - i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
    - iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - b) In the second instance allocation to all QIBs shall be determined as follows:
    - i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The aggregate Allotment to QIB Bidders shall be up to 42,50,000 Equity Shares.

Under-subscription, if any, in any category would be met with spillover from other categories at our sole discretion, in consultation with the BRLM.

**METHOD OF PROPORTIONATE BASIS OF ALLOTMENT IN THE ISSUE**

In the event the Issue is over-subscribed, we shall finalise the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrars to the issue shall be responsible for ensuring that the basis of allotment is finalized 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 by them.
- (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 portion 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 [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (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.

#### Illustration of Allotment to QIBs and Mutual Funds ("MF")

##### Issue details

Particulars	Issue Details
Issue	20 Crores Equity Shares
Allocation to QIB (not more than 50% of the Issue)	10 Crores Equity Shares
Out of which:	
a) Reservation for Mutual Funds (5%)	0.5 Crores Equity Shares
b) Balance for all QIBs including Mutual Funds	9.5 Crores Equity Shares
Number of QIB applicants	10
Number of equity shares applied for	50 Crores Equity Shares

##### Details of QIB Bids

No.	Type of QIBs	No. of shares bid for (in Crores)
1.	A1	5
2.	A2	2
3.	A3	13
4.	A4	5
5.	A5	5
6.	MF1	4
7.	MF2	4
8.	MF3	8
9.	MF4	2
10.	MF5	2
<b>TOTAL</b>		<b>50</b>

\*A1 - A5: (QIBs other than Mutual Funds), MF1 - MF5: (QIBs, which are Mutual Funds)

Details of Allotment to QIB Applicants

Type of QIB	Shares bid for	Allocation of 5% equity shares (see Note 2 below)	Allocation of 95% equity shares (see Note 4 below)	Aggregate allocation to Mutual Funds
(I)	(II)	(III)	(IV)	(V)
		(No. of equity shares in Crores)		
A1	5	0	0.960	0
A2	2	0	0.384	0
A3	13	0	2.495	0
A4	5	0	0.960	0
A5	5	0	0.960	0
MF1	4	0.1	0.748	0.848
MF2	4	0.1	0.748	0.848
MF3	8	0.2	1.497	1.697
MF4	2	0.05	0.374	0.424
MF5	2	0.05	0.374	0.424
	<b>50</b>	<b>0.5</b>	<b>9.5</b>	<b>4.241</b>

Notes:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section "Issue Structure" beginning on page 161 of this Draft Red Herring Prospectus.
- Out of 10 Crores Equity Shares allocated to QIBs, 0.5 Crores (i.e., 5%) will be Allotted on a proportionate basis among five Mutual Fund applicants who applied for 20 Crores Equity Shares in the QIB Portion.
- The balance 9.5 Crores Equity Shares (i.e., 10 - 0.5 available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 50 Crores Equity Shares (including 5 Mutual Fund applicants who applied for 20 Crores Equity Shares).
- The figures in the fourth column entitled "Allocation of 95% equity shares" in the above illustration are arrived at as explained below:

For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for (i.e., in column II of the table above)  $\times$  9.5/49.5

For Mutual Funds (MF1 to MF5) = (No. of shares bid for (i.e., in column II of the table above) less equity shares Allotted (i.e., column III of the table above)  $\times$  9.5/49.5

The numerator and denominator for arriving at the allocation of 10 Crores equity shares to the 10 QIBs are reduced by 0.5 Crores shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

#### PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

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

### Mode of making refunds

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

1. **Direct Credit** - Applicants having bank accounts with the Refund Banker(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 the Bank.
2. **ECS** - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Vadodara, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centers.
3. **NEFT (National Electronic Fund Transfer)** - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
4. **RTGS** - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

### Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as

eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, our Company further undertakes that:

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

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

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by 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.

#### **Mode of making refunds for Applications Supported by Blocked Amount**

Once the basis of allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant bank accounts.

#### **UNDERTAKINGS BY OUR COMPANY**

We undertake as follows:

- I. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily;
- II. 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 seven working days of finalisation of basis of allotment;
- III. that the funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the registrar to the Issue by our Company;
- IV. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refund shall be credited along with amount and expected date of electronic credit of refund;
- V. that the promoters’ contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro-rata basis before the calls are made on public;
- VI. that the certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the specified time;
- VII. that no further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.;
- VIII. That at any given time there shall be only one denomination for the shares of the company;
- IX. That the company shall comply with such disclosure and accounting norms specified by the SEBI from time to time;
- X. that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) 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:

- I. all monies received out of the Issue of specified securities to public shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- II. details of all monies utilized out of Issue referred to in sub-item (I) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- III. details of all unutilized monies out of the Issue of specifies securities , referred to in sub-item (I) shall be disclosed under the appropriate separate head in balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

## **SUBSCRIPTION BY NRIs/FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, 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, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount

shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

## **ASBA PROCESS**

### **ISSUE PROCEDURE FOR ASBA BIDDERS**

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this DRHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on [www.sebi.gov.in](http://www.sebi.gov.in). For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

#### **ASBA Process**

A Resident Retail Individual Investor shall submit his Bid through an ASBA Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilized by the ASBA Bidder (**ASBA Account**) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, The Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the ASBA Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the BRLM.

#### **ASBA Form**

ASBA Bidders shall use the ASBA Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA form which shall be at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA form shall be considered as the Application Form. Upon completing and submitting the ASBA form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

#### **Who can Bid?**

In accordance with the SEBI Regulations, only Resident Retail Individual Investor can submit their application through ASBA process to bid for the Equity Shares of our Company.

#### **Maximum and Minimum Bid Size for ASBA Bidders**

The ASBA Bid must be for a minimum of [ $\bullet$ ] Equity Shares and in multiples of [ $\bullet$ ] Equity Shares thereafter. The ASBA Bidder should ensure that maximum amount blocked in respect of the ASBA Bidder does not exceed Rs. 1,00,000/-. The ASBA Bidders shall bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

### **Information for the ASBA Bidders:**

- The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA form to the SCSB's and the SCSB's will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSB's are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSB's
- ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA form can obtain the same from the Designated Branches of the SCSB's, or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSB's.
- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSB's may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall bid for Equity Shares only at the Cut-off Price, with a single bid option as to the number of Equity Shares.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.
- ASBA Bidders shall not be allowed to revise their Bid and shall not bid under any reserved category.

### **Method and Process of Bidding**

- ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSB's. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSB's or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSB's shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.
- The Designated Branches of the SCSB's shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.
- Each ASBA form will give the ASBA Bidder only one option to bid for the Equity Shares at the Cutoff Price i.e. at the cap price of the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in such option. After determination of the Issue Price, the number of Equity Shares bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with

the Non- ASBA Retail Bidders who have bid for Equity Shares at or above the Issue Price or at Cut-off Price.

- Upon receipt of the ASBA form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA form, prior to uploading such Bids with the Stock Exchanges.
- If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generates a Transaction Registration Slip (TRS). The TARS shall be furnished to the ASBA Bidder on request.
- An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA form or a non-ASBA form after bidding on one ASBA form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be.
- Submission of a second ASBA form or a Non-ASBA form to either the same or to another Designated Branch of the SCSB 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.

**ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA form cannot be revised.**

#### **Mode of Payment**

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stock invest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

#### **Electronic registration of Bids by SCSB's**

- In case of ASBA forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless it has received the ASBA in a physical or electronic form; and it has blocked the application money in the ASBA account specified in the ASBA or has systems to ensure that

Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

- The Stock Exchanges offer a screen-based facility for registering Bids for the Issue, which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received 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 are not uploaded may not be considered for allocation.
- The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.
- At the time of registering each Bid, the Designated Branches of the SCSB's shall enter the information pertaining to the investor into the online system, including the following details:
  - Name of the Bidder(s);
  - Application Number;
  - Permanent Account Number;
  - Number of Equity Shares Bid for;
  - Depository Participant identification No.; and
  - Client identification No. of the Bidder's beneficiary account.
  - In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number, which shall be system, generated. The SCSBs shall thereafter upload all the above mentioned details in the electronic bidding system provided by the Stock Exchange(s).
- A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidders responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.
- Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
- The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA forms shall be final and binding on all concerned.

## **Price Discovery and Allocation**

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels.

## **Advertisement regarding Issue Price and Prospectus**

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. 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 Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

## **Issuance of CAN**

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSB's, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

## **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSB's shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

## **Allotment of Equity Shares**

(a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.

(b) As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

## **GENERAL INSTRUCTIONS**

### **Do's:**

- Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- Ensure that you use the ASBA form specified for the purposes of ASBA process.
- Read all the instructions carefully and complete the ASBA form.
- Ensure that your Bid is at the Cut-off Price.
- Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA form
- Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

- Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or or BRLM.
- Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder.
- Ensure that you have mentioned the correct bank account No. in the ASBA form.
- Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.
- Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.
- Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- Ensure that you have mentioned your Permanent Account Number (PAN) allotted under the I.T. Act.
- Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid 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 ASBA form.
- Ensure that the Demographic Details are updated, true and correct, in all respects.

**Don'ts:**

- Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- Do not revise your Bid.
- Do not Bid for lower than the minimum Bid size.
- Do not Bid on another ASBA or Non-ASBA form after you have submitted
- Submit the Bid to a Designated Branch of the SCSB.
- Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSB's, shall not be accepted under the ASBA process.
- Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- Do not fill up the ASBA form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000/-.
- Do not mention the GIR number instead of the PAN Number.
- Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

**Bids by ASBA Bidders must be:**

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- The Bids must be for a minimum of [□] Equity Shares and in multiples of [□] Equity Shares thereafter subject that the Bid Amount does not exceed Rs. 1,00,000/-.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

## **ASBA Bidders depository account and bank details**

**ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANTS NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA 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 ASBA FORM.**

**ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, (.Demographic Details.). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA form.**

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSB's, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected. ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

## **Payment mechanism under ASBA**

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

## **ASBA Bids under Power of Attorney**

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM, reserves the right to reject such ASBA Bids. 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 ASBA form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

## OTHER INSTRUCTIONS

### Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

### Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

### Right to Reject ASBA Bids

The Designated Branches of the SCSB's 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 ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue

## GROUND FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

1. In addition to the grounds listed under Grounds for Technical Rejection. on page 179 of this DRHP, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:
2. Amount mentioned in the ASBA form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bids at a price other than at the Cut-off Price;
4. Bid made by categories of investors other than Resident Retail Individual Investors;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
6. PAN not stated, or GIR number furnished instead of PAN. See .Issue Procedure - PAN or GIR Number. on page 165;
7. Bids for number of Equity Shares, which are not in multiples of [□];
8. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
9. Multiple Bids as defined in the Red Herring Prospectus;
10. In case of Bid under power of attorney, relevant documents are not submitted;
11. Signature of sole and/or joint Bidders missing in case of ASBA forms submitted in physical mode;
12. ASBA form does not have the stamp of the SCSB and/or a member of the Syndicate;
13. ASBA form does not have the Bidder's depository account details;
14. ASBA form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA form and the Red Herring Prospectus;
15. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA form at the time of blocking such Bid Amount in the ASBA Account;
16. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), PAN, the DP ID and the beneficiary account number; and
17. If the ASBA Bid in the Issue is revised. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

## **COMMUNICATIONS**

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSB's for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

### **Disposal of Investor Grievances**

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

### **Basis of Allotment**

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section **Issue Procedure- Basis of Allotment** on page 183 of this DRHP.

**SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**  
**MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/defined terms herein have the same meaning given to them in the Articles of Association.

**Table 'A'**

Article 1 provides that:

The regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956 shall not apply to the Company, but the regulations for the management of the Company and for the observance by the Members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alterations of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 1956, be such as are contained in these Articles.

**AMOUNT OF CAPITAL**

Article 4 provides that:

- a) Authorized Share Capital of the Company shall be in accordance with the Clause V of the Memorandum of association of the Company.
- b) The paid-up share capital of the company shall be minimum of Rs.500000/- (Rupees Five Lacs only).

**NEW CAPITAL SAME AS EXISTING CAPITAL**

Article 6 provides that:

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payments of calls and installments, forfeiture, lien, surrender, transfer and transmission voting and otherwise.

**POWER TO ISSUE REDEEMABLE PREFERENCE SHARES**

Article 7 provides that:

Subject to the provisions of Section 80 of the Act, any such new shares may be issued as preference shares which are or at the option of the Company are to be liable to be redeemed, and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption subject however to the following conditions:

- a) No such shares shall be redeemed except out profits of the Company, which would otherwise be available for dividend or out of the proceeds of fresh issue of shares made for this purpose of redemption.
- b) No such shares shall be redeemed unless they are fully paid up.
- c) The premium, if any payable on redemption shall have been provided for out of the profits of the company or the company's 'securities' premium account before the shares are redeemed.
- d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividends be transferred to a reserve fund to be called " the Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed the provisions of the Act, relating to reduction of the Share Capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Fund were paid-up share capital of the Company.
- e) Subject to the provisions of Section 80 of the Act, the redemption of preference share here under

may be affected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf in such manner as the Directors determine.

- f) Wherever the Company shall redeem any Redeemable Preference Shares, the Company shall, within one month thereafter, give notice thereof the Register of Companies as required by Section 95 of the Act.

#### **REDUCTION OF CAPITAL**

Article 8 provides that:

Subject to the provisions of Section 78,80 and 100 to 105 of the Act, the Company may from time to time, by Special Resolution reduce its capital in any manner for the time being authorized by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have it if were omitted.

#### **SUB-DIVISION OR CONSOLIDATION OF CAPITAL**

Article 9 provides that:

Subject to the provisions of Section 94 of the Act the Company in general meeting may from time to time.

- (i) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) Convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination.
- (iii) Sub -divide its shares or any of them into shares of smaller amount than is fixed by the memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
- (iv) Cancel shares which, at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

#### **MODIFICATION OF CLASS RIGHTS**

Article 10 provides that:

If at any time the share capital by reason of the issue of preference shares or otherwise, is divided into different classes of shares all or any of the Section 106 and 107 of the Act, and whether or not the Company is being wound up, be varied modified abrogated or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class and all the provision contained in these Articles as to general meetings (including the provisions relating to quorum at, such meetings ) shall mutates mutandis apply to every such meeting.

Article 11 provides that:

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly prohibited by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

#### **FURTHER ISSUE OF CAPITAL**

Article 13 provides that:

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 thirty 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 to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
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.

#### **ACCEPTANCE OF SHARES**

Article 15 provides that:

Any application signed by the applicant for shares in the Company, followed by an allotment any share therein shall be an acceptance of shares within the meaning of these Articles, and every person who thus

or otherwise accepts any shares and whose name is on the Register shall, for the purpose of the Act and these Articles, be a Member of the Company.

#### **SHARE CERTIFICATES**

Article 18 provides that:

- a) A certificate with the Common Seal of the Company specifying any shares held by any Member shall be prima facie evidence of the title of the Member to such shares.
  
- b) The certificates of title to shares shall be issued under the Seal of the company which shall be affixed in the presence of and signed by (i) Two Directors or person acting on behalf of the Directors under a duly registered Power of Attorney, and (ii) the Secretary or some other persons - appointed by the Board for the purpose; provided that if the composition of the Board permits of it at least one of the aforesaid two Directors shall be a person other than a Managing Director or Whole Time Director. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography.

PROVIDED ALWAYS that notwithstanding anything contained in this Article the certificates of title to shares may be executed and issued in accordance with such other provision of the Act or the Rules made there under as may be in force for the time being and from time to time.

#### **LIMITATION OF TIME FOR ISSUE OF CERTIFICATE**

Article 18A provides that:

Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

#### **UNDERWRITING AND BROKERAGE**

Article 27 provides that:

- a) Subject to the provisions of Section 76 of the Act the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolute or conditionally) for any shares or debentures in the Company, such commission shall not exceed 5% on the nominal value of the shares or 2.5% on the nominal value of debentures in each subscribe to be subscribed.
  
- b) The Company may also, on any issue of shares or debentures pay such brokerage as may be lawful.

#### **DEMATERIALISATION OF SECURITIES**

Article 62A provides that:

(i) Definitions: For the purpose of this Article:

“Beneficial Owner” means a person whose name is recorded as such with a depository.

“Bye-Laws” means Bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

“Depositories Act” means the Depository Act, 1996, including any statutory modifications or re-

enactment for the time being in force.

“Depository” means a Company formed and registered under the Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act 1992.

“Member” means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as beneficial owner in the records of the depository.

“Participant” means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

“Record” includes the records maintained in form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.

“Registered OWNER” means a depository whose name is entered as such in the records of the Company.

“SEBI” means the Securities and Exchange Board of India

“Security” means such security as may be specified by the Securities and Exchange Board of India from time to time.

Words imparting the singular number only includes the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

- (ii) Company to Recognize Interest in Dematerialized Securities under the Depositories Act, 1996. Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re enactment thereof.
- (iii) Dematerialisation / Re-Materialisation of Securities:  
Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.
- (iv) Option to Receive Security Certificate or Hold Securities with Depository:

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information; the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

- (v) Securities In Electronic Form:

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

- (vi) Beneficial Owner Deemed As Absolute Owner:

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the Depository

as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust Equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(vii) Rights of Depositories And Beneficial Owners:

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository

(viii) Register and Index of Beneficial Owners:

The Company shall cause to be kept a Register and Index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media. The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

(ix) Cancellation of Certificates upon Surrender by Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

(x) Service of Documents:

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(xi) Allotment of Securities:

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(xii) Transfer of Securities:

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

(xiii) Distinctive Number of Securities held in a Depository:

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share be held in material form shall continue to bear the number by which the same was originally distinguished.

(xiv) Provisions of Articles To Apply To Shares Held In Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act, 1996.

(xv) Depository to Furnish Information:

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(xvi) Option to Opt out In respect of any such Security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(xvii) Overriding effect of this Article:

Provisions of the Articles will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles of these presents

#### **DIRECTORS MAY MAKE CALLS**

Article 29 provides that:

The Board of Directors may from time to time by a Resolution passed at a meeting of the Board (and not by circular resolution) made such calls as may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by this Board. A call may be made payable by installments.

Article 30 provides that:

Not less than Fifteen days notice of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such calls shall be paid; provided that before the time for payment of such call the Board of Directors may by notice in writing to the members, revoke the same or extend the time for payment thereof.

Article 31 provides that:

If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by installment at fixed times (whether on account of the amount of the share capital or by ways of premium) every such amount or installment shall be repayable as if it were a call duly made by the Board of Directors and of such due notice had been given, and all the provisions herein contained in respect of calls shall relate and apply to such amount or premium or installment accordingly.

Article 32 provides that:

A call shall be deemed to have been made at the time when the resolution authorizing such calls was passed at a meeting of Board of Directors

#### **INTEREST ON CALL OR INSTALLMENT PAYABLE**

Article 33 provides that:

If the sum payment in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the shares in respect of which the call shall have been made for the installment shall be due, shall pay interest for the same at the rate of eighteen per cent per annum from the date appointed for the payment thereof to the time of the actual payment, or at such other rate as the Board of Directors may from time to time determine. The Board of Directors may however in their absolute discretion forego payment of any interest wherein their opinion the circumstances so justify.

## **PAYMENT IN ANTICIPATION OF CALLS MAY CARRY INTEREST**

Article 36 provides that:

The directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

## **COMPANY'S LIEN ON SHARES**

Article 45 provides that:

- a) The Company shall have a first and paramount lien on every share other than fully paid up shares for all moneys whether presently payable or not payable at a fixed time in respect of such shares. PROVIDED THAT the Board of Directors may at any time declare any shares to be wholly or in part, exempt from the provisions of the Article.
- b) Any lien on shares shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any on such shares.

## **FORFEITURE AND LIEN**

Article 37 provides that:

If any member fails to pay any calls or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Director may, at any time thereafter while the call or installment remains unpaid, give notice to him requiring him to pay the said 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.

Article 38 provides that:

The notice shall name the day (not being less than fourteen days from the date of 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 the non payment at or before the time and at the place appointed, the shares in respect of which the calls was made or installment is payable, will be liable to be forfeited.

Article 39 provides that:

If the requisitions of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may, at any time thereafter and before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Article 40 provides that:

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register.

Article 41 provides that:

Any shares so forfeited, shall be deemed to be the property of the Company, and may be sold, reallocated or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Director may think fit.

Article 42 provides that:

The Board of Directors may, at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of annual the forfeiture thereof upon such conditions as it thinks fit.

Article 43 provides that:

Any member whose share shall have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest thereon from time of forfeiture until payment at such rate not exceeding 9 per cent per annum or such other rate as the Board of Director may determine, and the Board of Directors may enforce the payment thereof, or any part thereof, if it think fit.

Article 44 provides that:

- a) The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the shares and all other rights incidental to the shares, except only such of those rights as by these presents are expressly saved.
- b) A declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

#### **FORM OF TRANSFER**

Article 50 provides that:

The Company shall keep a book, to be called "Register of Transfer" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of shares.

#### **EXECUTION AND REGISTRATION OF TRANSFER**

Article 51 provides that:

No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company in the prescribed form and in accordance with the provisions of Section 108 of the Act. Every such instrument of transfer shall be duly stamped and executed both by the transferor and by the transferee and attested. The transferor shall be deemed to remain the holder of such shares until the name of the transferee shall have been entered in the Register in respect thereof.

#### **DIRECTORS RIGHTS TO DECLINE TO REGISTER TRANSFERS**

Article 52 provides that:

- a) Subject to the provisions of Section 111 of the Act, the Board of Directors may at any time in their absolute and uncontrolled discretion and without assigning any reason decline to register any proposed transfer of shares. The clause shall apply notwithstanding that; the proposed transferee may be already a member. However, registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or person indebted to the Company on any account whatsoever.
- b) The Board of Directors shall be entitled to decline to register more than three persons as the Joint holders of any shares.

#### **TITLE TO SHARES OF DECEASED MEMBER**

Article 58 provides that:

The Executors or administrators of a deceased member shall be the only persons recognized by the Company as having any title to his shares except in case of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holders shall be the only persons entitled to be recognized; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. The Company shall not be bound to recognize such executor or administrator unless he shall have first obtained Probate or Letters of Administration or other legal representation as the case may be, from a duly constituted Court in India to grant such Probate or Letter of Administration: provided nevertheless that in cases, which the Board in its discretion consider to be special cases and in such cases only it shall be lawful for the Board of Directors to dispense with the production of probate or letters of Administration or a Succession Certificate upon such terms as to indemnity publication of notice or otherwise as the Board of Directors may deem fit.

#### **NO TRANSFER TO MINOR, INFANT ETC.,**

Article 54 provides that:

No transfer shall be made to a minor or a person of unsound mind or a partnership firm.

## **NO FEE ON TRANSFER OR TRANSMISSION**

Article 56 provides that:

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.

## **THE PAYMENT OR REPAYMENT OF MONEYS BORROWED**

Article 64 provides that:

Subject to the provisions of the Act and these Articles the payment or payment of moneys borrowed aforesaid may be secured in such manner and upon such terms and conditions in all respect as the Board of Directors may think fit, and in particular, pursuant to a Resolution passed at a meeting of the Board (and not passed by a circular resolution) by the issue of bonds perpetual or redeemable debentures or debenture-stock of the Company, or any mortgage or charge or other security upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being.

## **THE COMPANY IN GENERAL MEETING MAY DECLARE DIVIDENDS**

Article 158 provides that:

The Company in General Meeting may subject to Section 205 of the Act declare dividends, to be paid to the members according to their respective rights and interest in the profits but subject to any law for the time being in force and may fix the time for payment but no dividend shall exceed the amount recommended by the Board of Directors. However the Company in general meeting may declare smaller dividend than recommended.

## **DIVIDEND ONLY TO BE PAID OUT OF PROFITS**

Article 159 provides that:

No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Section 205,206 and 207 of the Act or any other law for the time being in force and no dividend shall carry interest as against the Company unless required by law. The declaration of the Directors as to the amount of the net profit of the Company shall be conclusive.

## **INTERIM DIVIDEND**

Article 160 provides that:

Subject to the provision of the Act any law for the being in force the Board of Directors may, from time to time, pay to the members interim dividend as, in their, judgment, the position of the Company justified.

## **CAPITAL PAID UP IN ADVANCE AND CARRYING INTEREST NOT TO EARN DIVIDEND**

Article 161 provides that:

Where capital is paid in advance of calls upon footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to dividend or participate in profits.

## **DECLARED DIVIDENDS**

Article 168 provides that:

Where a dividend has been declared by the Company which has not been paid, or the warrant in respect thereof has not been posted within thirty days from the date of the declaration, to any shareholder entitled to the payment of the dividend, the company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid in relation to which no dividend warrant has been posted within the said period of thirty days, the special account to be opened by the Company in that behalf in any Scheduled Bank to be called "Unpaid Dividend account" of "TARAPUR TRANSFORMERS LIMITED" and all the other provisions of Section 205A of the Act in respect of any such unpaid

dividend or any part thereof be applicable, observed performed and complied with. No unclaimed dividend shall be forfeited by the Board.

#### **CAPITALISATION OF RESERVES**

Article 172 provides that:

Any general meeting may resolve that any money, investments or other assets forming part of the undivided profits of the company standing to the credit of the reserve fund, or any Capital redemption Reserve Fund, or in the hands of the Company and available for dividend or representing premium received on the issue of shares and standing to the credit of the Share Premium account be, subject to the provision of Section 78 of the Act, capitalised and distributed amongst such of the shareholders as would be entitled to received the same is distributed by way of dividend and in the same proportion on the footing that they become entitled thereto as capital (i.e. bonus shares) and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any un issued shares or debentures or debentures stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued share or debentures or debenture stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

Article 173 provides that:

A general meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the company not subject to charge for Income Tax distributed among the members on the footing that they received the same as capital.

Article 174 provides that:

For the purpose of giving effect to any resolution under the two last preceding Articles, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient, and in particular may issue fractional certificate and may (fix the value for distribution of any specific assets, and may) determine that cash payments shall be made to any members upon the footing of the value so fixed or that fractions of less value than Re.1 may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Directors and generally may make such arrangement for the acceptance allotment and sale of such shares or other specific assets and fractional certificates or otherwise as they may think fit. Where requisite, a proper contract shall be delivered to the Register for registration in accordance with Section 75 of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effect.

Article 175 provides that:

If and whenever any shares become held by any member in fraction the Directors may subject to the provisions of the Act and these Articles and sell these shares which members hold in fractions for the best price reasonably to be directions, of the Company in general meeting, if any, consolidate and obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the Purchaser thereof comprised in any such transfer and he shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

## SECTION IX: OTHER INFORMATION

### LIST OF MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before this DRHP), which are or may be deemed material to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred under Material Documents below all of which have been attached to the copy of this DRHP and have been delivered to the Stock Exchanges and may be inspected at the Registered Office of the Company situated at J-20, MIDC Tarapur, Industrial Area Boisar, Thane, Maharashtra, India-401506 and corporate office situated at 201, Vikas Chamber, Junction of Link & Marve Road, Malad (West), Mumbai-400 064, Maharashtra, India between 9:30 am to 5:30 pm on any working day from the date of this DRHP until the date of closure of the subscription List.

#### MATERIAL CONTRACTS

1. Engagement Letter dated 25<sup>th</sup> September, 2009 appointing Comfort Securities Private Limited as Book Running Lead Managers to the Issue.
2. Memorandum of Understanding dated 29<sup>th</sup> October, 2009 between our Company and the BRLMs.
3. Memorandum of Understanding dated 25<sup>th</sup> September, 2009 entered into with Bigshare Services Private Limited appointing them as the Registrar to the Issue.
4. Copy of tripartite agreement dated [•] between NSDL, our Company and Bigshare Services Private Limited.
5. Copy of tripartite agreement dated [•] between CDSL, our Company and Bigshare Services Private Limited.
6. Escrow Agreement dated [•] between our Company, BRLMs, Escrow Collection Bank and the Registrar to the issue.
7. Syndicate Agreement dated [•] between our Company, BRLMs, and the Syndicate Members.
8. Underwriting Agreement dated [•] between our Company, BRLMs, and the Syndicate Members.

#### DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of our Company as amended from time to time.
2. Copy of the resolution passed at the meeting of the Board of Directors held on 25<sup>th</sup> September, 2009 authorizing the issue.
3. Copy of the resolution passed by the shareholders of our Company under section 81 (1A) at the Extra Ordinary General Meeting held on 26<sup>th</sup> October, 2009.
4. Copy of shareholders resolution dated 31<sup>st</sup> March, 2007 appointing Mr. Mohan W. Ranadive as the Whole Time Director of our Company.
5. Consents of the Directors, Company Secretary/Compliance Officer, Auditors, Book Running Lead Manager(s) to the Issue, Bankers to the Company, Legal Advisors to the Issue, IPO grading agency and Registrars to the Issue, to include their names in the Draft Red Herring Prospectus to act in their respective capacities.
6. Copies of Annual Reports of our Company for the last five (5) financial years viz 2004-05, 2005-06, 2006-07, 2007-08, 2008-09.

7. Audit report issued by our statutory auditors i.e Raman S. Shah & Associates, Chartered Accountants, dated 25<sup>th</sup> September, 2009 included in the Draft Red Herring Prospectus and copies of Balance Sheet referred to in the said report.
8. Letter dated 15<sup>th</sup> October, 2009 from the statutory Auditors of our Company, Raman S. Shah & Associates, Chartered Accountants, detailing the tax benefits.
9. Copy of certificate from the statutory Auditors of our Company, Raman S. Shah & Associates, Chartered Accountants, dated 16<sup>th</sup> November, 2009 regarding the sources and deployment of funds as on 15<sup>th</sup> November, 2009.
10. Copy of certificate from the statutory Auditors of our Company, Raman S. Shah & Associates, Chartered Accountants, dated 12<sup>th</sup> November, 2009 regarding the Eligibility of the Issue.
11. Board Resolution dated 5<sup>th</sup> December, 2009 for approval of Draft Red Herring Prospectus.
12. Resolution passed by the IPO Committee dated 5<sup>th</sup> December, 2009 for approval of the Draft Red Herring Prospectus.
13. Due Diligence Certificate dated 5<sup>th</sup> December, 2009 to SEBI from Book Running Lead Manager viz Comfort Securities Private Limited.
14. Copy of in-principle listing approval dated [•] from BSE.
15. Copy of in-principle listing approval dated [•] from NSE.
16. SEBI Observation letter no [•] dated [•].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS**

Mr. Naresh Kumar Choudhary

Mr. Rajendra Kumar Choudhary

Mr. Mohan Waman Ranadive

Mr. R.G. Subramanian

Mr. Vinod Kumar Agrawal

Mr. Anil Kumar Nevatia

### **SIGNED BY THE ACCOUNTS MANAGER**

Mr. Vidhyadhar Shridhar Kadam

### **SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER**

Ms. Astha Rathi

Date: 05/12/2009

Place: Mumbai

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